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Alfonsin Is Sworn In, Ending Rule by Military in Argentina

By Edward Schumacher
New York Times Service

BUENOS AIRES — Raúl Alfonsín was inaugurated president of Argentina on Saturday amid joyous celebrations marking the end of nearly eight years of military rule.

More than 100,000 Argentines poured into the streets to cheer the 56-year-old political moderate.

Waving flags and wearing white berets, a symbol of Mr. Alfonsín's Radical Party, the crowds rained confetti on the president as he traveled from his swearing-in before Congress to the presidential palace.

Argentines later packed the two-block Plaza de Mayo and spilled far down side streets. They chanted "Alfonsín!" as the president addressed them from a wrought-iron balcony of the Cabildo, the white-washed colonial-era city hall.

Calling himself "the most humble of Argentines," Mr. Alfonsín said: "We know that these are hard and difficult moments, but we do not have a single doubt."

"We will go forward," he said. "We will become the country that we deserve."

The return of democracy in Latin America's third largest nation attracted an assembly of foreign dignitaries and they, too, appeared to be moved by the occasion.

"There is something in the air, something vital and vibrant, strong," said U.S. Vice President George Bush. "Maybe I am just fired up by the majesty of the moment, but this election, this swearing-in, signals a new era for Argentina."

Among the European heads of government in attendance were Prime Minister Bettino Craxi of Italy, Prime Minister Felipe González of Spain and Prime Minister Mário Soares of Portugal.

Those attending from Latin America included: Presidents Belisario Betancur of Colombia, Fernando Belaúnde Terry of Peru, Osvaldo Hurtado Larrea of Ecuador, Luis Alberto Monge of Costa Rica and Hernán Siles Zuazo of Bolivia, as well as Daniel Ortega Saavedra, coordinator of the Nicaraguan junta, and General Oscar Mejia Victores, the Guatemalan leader.

At the invitation of Mr. Alfonsín, opposition leaders from Chile, Uruguay and Brazil attended alongside the military-government delegates.

Mr. Alfonsín replaces a military government that seized power in a coup on March 24, 1976, overthrowing President Isabel Perón at a time of rampant terrorism and economic chaos. In the military crackdown, more than 6,000 people disappeared and presumably died.

The military moved toward elections last year after Argentina's defeat by Britain in the Falkland Islands war and economic problems, including a $40-billion foreign debt and an inflation rate of well over 600 percent in recent months.

In the October elections, Mr. Alfonsín upset the Peronists, handing them their first presidential defeat since the 1940s. Mrs. Perón, who

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United Press International
President Raúl Alfonsín and former President Isabel Perón of Argentina exchanging greetings after Mr. Alfonsín was sworn in, marking a return to democracy in the nation.

Britain Seeking to Improve Relations With Argentina

Reuters

LONDON — The British government said Sunday that it wanted to begin restoring ties with Argentina but repeated its determination not to discuss sovereignty of the Falkland Islands, over which the two countries fought a 74-day war last year.

Sir Geoffrey Howe, the foreign secretary, said that Britain wanted to use an exchange of messages with the new civilian government in Argentina as a stepping-stone in moves toward a further thaw in relations.

"I hope," Sir Geoffrey said, "that, as each country looks at the question, it will be possible for us to identify areas where negotiations on issues that really can be talked about at this stage, which include diplomatic relations and economic and commercial relations, can be set in hand."

Prime Minister Margaret Thatcher sent Argentina's new government a message, through a Swiss intermediary, signaling a desire for normal ties despite the dispute over the Falklands, which Argentina calls the Malvinas.

"Our real objective and our real policy," Sir Geoffrey said, "is to find ways of restoring relationships between ourselves and the Argentines, gradually, step by step, and her message yesterday is a part of this process." He described Mr. Alfonsín's reply, in which the Argentine leader noted that "where there's a will, there's a way," as a good start.

The Associated Press
Lech Walesa's wife, Danuta, and their oldest son, Bogdan, displayed the Nobel Peace Prize diploma and gold medal they accepted on his behalf at ceremonies Saturday in Oslo.

Hard-Line U.S. Tactics on Arms Control Appear to Produce Few Positive Results

By Hedrick Smith
New York Times Service

WASHINGTON — A central axiom of the Reagan administration has been that the best way to press the Soviet Union into reasonable compromises on arms control is to build up U.S. strategic nuclear forces vigorously and push ahead with missile deployments in Western Europe.

Eventually this strategy may pay off. But for the moment the evidence is to the contrary. Rather than adopting a more flexible and

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Large protests against U.S. missiles were staged in England and West Germany. Page 5.

compromising posture in the face of U.S. assertiveness, the Kremlin has broken off the negotiations on intermediate-range nuclear forces in Europe and left the strategic arms talks dangling in suspension.

Last March, President Ronald Reagan, speaking about the intermediate-range nuclear arms talks, told a group visiting the White House: "We know the Soviets will not negotiate seriously" until they see U.S. missile deployment "actually under way."

Three weeks later in Los Angeles, during a speech on strategic arms negotiations with Moscow, the Mr. Reagan asserted that "only if they recognize the West's determination to modernize its own military forces will they see an incentive to negotiate a verifiable agreement establishing equal, lower levels."

But Marshall Shulman, the ranking Soviet specialist in the State Department under President Jimmy Carter and now director of Columbia University's Harriman Institute for Advanced Study of the Soviet Union, disagrees.

"The administration's assumption that by the military buildup they were going to make the Soviets more malleable is dead wrong," he said. "It will have the exact opposite effect."

"Rather than bringing the Soviets to a more flexible position, the administration's big military budgets and new weapons systems will have the effect of producing a further Soviet military buildup," Mr. Shulman said. "I think we will see the effects soon. At the Soviet Communist Party Central Committee plenum this month we're likely to see an annual economic plan for 1984 that provides for a further increase in Soviet military expenditures."

In Congress, even normally pro-administration Republicans are fearful that the hiatus in the main arms talks has caused the rupture of the most important regular channel of communications with the Soviet leadership outside of normal embassy contacts.

"I feel pretty depressed about it," said Senator Charles McC. Mathias Jr., a moderate Maryland Republican. "It appalls me that our best channel of communication is now suspended."

There are other consequences of the emphasis on military issues. Except for a new five-year grain agreement, most other aspects of Soviet-U.S. relations are stalled: scientific exchanges, many trade matters, talks on new cultural exchanges or opening of new consulates, and high-level diplomatic meetings.

Some academic and congressional specialists contend that administration moves, such as developing an array of new strategic nuclear weapon systems, deploying missiles in Western Europe, and moving U.S. marines into the Middle East not far from Soviet troops in Syria, have pushed military competition, rather than trade or diplomacy, to the forefront of Soviet-U.S. relations.

With the Soviet leadership apparently involved in another delicate period of political transition brought about by the uncertain health of the Soviet leader, Yuri V. Andropov, this emphasis in Soviet-U.S. relations gives the Soviet military hierarchy more influence within the Kremlin, many specialists suggest.

"Much of the currency of discussion these days is about military subjects and that means political leaders have to consult their generals on how this affects the nation's military posture," acknowledged a senior Reagan administration official. "Inevitably, this gives the generals and marshals more prominence."

In a climate of bristling polemics on both sides this fall, especially after the Soviet Union shot down a South Korean airliner on Sept. 1, the Soviet leadership has periodically signaled doubts about the possibility of striking agreements with the Reagan administration. Several past U.S. ambassadors said recently that they felt Soviet-U.S. relations were at a low ebb.

At bottom, what seems to drive the wedge of mistrust deeper between Washington and Moscow is the suspicion on both sides that the other is seeking military superiority.

Even so, senior administration officials and their supporters disagree with those who argue that the

(Continued on Page 2, Col. 4)

Walesa Appeals For Dialogue in His Nobel Text

By Peter Osnos
Washington Post Service

OSLO — Lech Walesa, the leader of the banned Solidarity trade union movement, strengthened his appeal for a political dialogue with Polish authorities Sunday, declaring that "we have no alternative but to come to an agreement."

Lech Walesa anxiously followed the Nobel ceremonies by radio at his home. Page 2.

In a Nobel Peace Prize lecture read for him here, Mr. Walesa struck a far-reaching theme of reconciliation and determination. "The Polish people have not been subjugated, nor have they chosen the road of violence and fratricidal bloodshed," his statement asserted.

As Poland prepares to mark the second anniversary of the declaration of martial law on Dec. 13, 1981, the Nobel ceremonies, and particularly Mr. Walesa's remarks Sunday, appeared to represent an important new bid by Solidarity's leader for domestic influence and international understanding.

"My most ardent desire," said Mr. Walesa's statement, "is that my country will recapture its historic opportunity for a peaceful evolution and that Poland will prove to the world that even the most complex situations can be solved by a dialogue, and not by force."

The lecture was read by Bohdan Cywanski, a former Solidarity activist who now lives in Switzerland. Mr. Walesa chose to remain in Poland, sending his wife, Danuta, and eldest son, Bogdan, to Oslo on his behalf. They were present Sunday in the Oslo University hall where Mr. Walesa's lecture was read.

Mother and son listened intently to the lecture and modestly acknowledged the rhythmic clapping, a gesture of special respect from the audience, that greeted it.

The lecture traditionally is read the day after the award presentation. On Saturday, in a ceremony attended by King Olav V, Mrs. Walesa accepted the prize for her husband and reaffirmed Solidarity's commitment to "the noblest aspirations of humanity."

"We desire peace," she said, speaking with quiet composure, "and that is why we have never resorted to physical force. We crave justice, and that is why we are so persistent in the struggle for our rights. We seek freedom of convictions, and that is why we have never attempted to enslave man's conscience."

Mr. Walesa, in recent interviews in Poland and in the statements offered here, has adopted a tone of philosophic statesmanship in seeking to pressure the authorities to reopen contact with his officially banned union movement. His call last Monday for the United States to end economic sanctions placed him in accord with the government on that issue, and he implicitly repeated the message Sunday.

"My country is in the grips of a major economic crisis," his statement declared. "This is causing dramatic consequences for the very existence of Polish families. A permanent economic crisis in Poland may also have serious repercussions for Europe. Thus, Poland ought to be helped and deserves help."

The Reagan administration previously had rejected suggestions that the sanctions be eased. But since Mr. Walesa's change of mind, U.S. officials have indicated that the policy would be reconsidered.

Mr. Walesa, in the statement read Sunday, also made an unusually direct reference to international tensions. "I am looking at the

(Continued on Page 2, Col. 5)

In First Visit to Lutheran Service, John Paul Stresses Christian Unity

The Associated Press

ROME — Pope John Paul II, in a historic visit to a Lutheran church, said Sunday that despite bitter differences between Roman Catholics and Lutherans in the past, "we desire unity, we work for unity."

"The gift of this encounter moves me deeply," the pope said during the first visit by a Roman Catholic pontiff to a Protestant church in his own diocese. It was also the first time a Roman Catholic pontiff had attended a Lutheran church service.

"I have come in the spirit of the Lord that calls us in our days, through ecumenical dialogue, in the search for full Christian unity," the pontiff said in German.

"And in the 500th anniversary of the birth of Martin Luther, we seem to discern from far away the dawning of an advent of a recomposition of our unity and community," the pontiff said.

Luther launched the Protestant Reformation 462 years ago, after he was excommunicated by the Roman Catholic Church.

"Notwithstanding all our still evident separations in doctrine and in life, we feel profoundly united in this time of Advent in the solidarity of all Christians," John Paul said.

"We desire unity, we work for unity, without letting ourselves get discouraged by the difficulty we encounter along our way," he said.

The white-robed pontiff, without his mitre, the symbol of the papacy, was greeted as the bishop of Rome by Christoph Meyer, pastor of Rome's Evangelical Lutheran Church, at the building finished in 1922, on Via Toscana just off the fashionable Via Veneto.

Together they joined the congregation in reciting a prayer written by Luther for Christian unity.

The papal visit has caused some controversy among Protestants, which prompted Mr. Meyer to say in a press conference earlier that it did not mean that the pope or the Lutherans recognized the other's supremacy.

"This visit by the pope concerns the parochial evangelical community of Rome and not representatives of the churches of the whole world," Mr. Meyer said. There are about 1,200 Lutherans in Rome

(Continued on Page 2, Col. 8)

The Associated Press
Pope John Paul II, right, was greeted by Christoph Meyer, pastor of the Evangelical Lutheran Church in Rome, when the pontiff visited the Protestant congregation on Sunday.

Marines Issue Is Risky for Reagan and Democrats

By Rudy Abramson
Los Angeles Times Service

WASHINGTON — At Democratic Party rallies, the applause is long and loud when President Ronald Reagan is denounced for sending U.S. marines into Lebanon, to a situation seemingly as hopeless as it is dangerous.

It is louder when the demand is made that the troops be pulled out of Beirut International Airport and brought home and when Senator Ernest F. Hollings of South Carolina, one of eight Democrats seeking the 1984 presidential nomination, declares: "If they have been sent there to fight, there are far too few. If they have been sent there to die, there are far too many."

If the Democratic candidates agree on anything, it is that the United States has drifted into a crisis in the Middle East that it should have avoided. But they realize that the issue carries political dangers for them as well as Mr. Reagan and that, for now, the president has the upper hand.

Strategists in both parties agree that U.S. involvement in Lebanon, which began 14 months ago with the U.S. participation in the multinational peacekeeping force and escalated on Dec. 4 with U.S. air strikes against Syrian positions, could be an "Achilles heel" in Mr. Reagan's 1984 re-election campaign.

Mr. Reagan's campaign chairman, Senator Paul Laxalt of Nevada, expressed his uneasiness, saying that "it would have to be a political negative" if the marines are still being shot at by snipers next fall.

Democratic strategists, for their part, see potential damage to both Mr. Reagan and the Democrats. Americans tend to support any president when U.S. troops are involved in hostilities, they note, and presidential contenders run the risk of being viewed as opportunists if they appear to be seeking political gain from a military crisis.

"The likelihood that Lebanon will become a positive issue for the Democratic candidate is nil," a veteran of past campaigns said. "The possibility of its becoming a negative issue for Reagan is very high."

"But the worst thing for a Democrat politically is to be a part of making it a negative issue for Reagan," he said. "So, now is the time for a Democratic candidate to put his political pistol away and be a statesman."

After the raid on Syrian positions, Mr. Hollings and other Democratic candidates, Alan Cranston, Gary Hart, George S. McGovern, Reubin Askew and the Rev. Jesse L. Jackson were quick to condemn the escalation.

Significantly, the Democratic candidates who have been most careful about criticizing Mr. Reagan on the issue are former Vice President Walter F. Mondale and Senator John Glenn of Ohio, the apparent front-runners.

It took Mr. Mondale two days to respond and, when he did, he proposed five actions, including removing the marines from their exposed positions near the airport, but he did not call for their withdrawal.

Mr. Glenn faults the administration for expanding U.S. objectives, once sharply limited, to what he calls a dangerous political commitment to preserving the government of President Amin Gemayel and the present Lebanese borders.

The caution of Mr. Mondale and Mr. Glenn reflects an appreciation that, although Mr. Reagan must take responsibility for the predicament in Lebanon, he is the only person in a position to change it.

In fact, one Democratic campaign official said, "Democrats don't really know what to propose as an alternative because they don't know what Reagan might do."

■ Official Denies Discord

Deputy Secretary of State Kenneth Dam denied a report Sunday that most of Mr. Reagan's aides were convinced that the marines should be pulled out of Lebanon by June, no matter what happens, The Associated Press reported from Washington.

On the CBS program "Face the Nation," Mr. Dam said: "Of course, we'd like the marines out by June; we'd like them out sooner."

But he said that "the president laid all such speculation to rest" in a radio address Saturday when he said that the marines would leave Beirut "once internal stability is established and withdrawal of all foreign forces is assured."

A Trove of Cuban Cigars Draws Gasps in New York

Smoke, and Tears, in Their Eyes, Aficionados Bid on 200,000 Havanas

By William E. Geist
New York Times Service

NEW YORK — "This," said George Warner, standing before an altar of golden cigar boxes containing what he considered ambrosia of the gods, "is a religious experience."

All those who beheld the trove of 200,000 Cuban cigars, the first of the legendary cigars available in this country since a 1961 embargo against Cuba, said they could not help but be moved.

Recalling Fidel Castro's takeover of Cuba in 1959, [illegible] Reiss seemed suddenly close to tears. "These wonderful cigars," he said, shaking [illegible]

[illegible] discovery that these Cuban cigars were [illegible] to Spain before the Cuban revolution [illegible] before could be sold in the United States [illegible] something of a frenzy in cigar-smoking [illegible] throughout the country.

[illegible] the break with the Castro regime, customs rules prohibit bringing Cuban cigars into the United States unless one is returning directly from Cuba, in which case a maximum of 100 [illegible] $100 worth may be brought in.

"[illegible] feeding time at the aquarium," said [illegible] of the stately 7th Regiment Armory on Park Avenue in Manhattan, where the cigars were auctioned Friday night under the watchful eyes of armed guards.

[Cigar smokers went into a bidding frenzy, spending $500,000 for cigars, United Press International reported from New York. Al Goldstein, publisher of Screw magazine, set the pace when he bought the first box of 25 Joyas for $2,100, or about $84 a cigar.

["I just wanted to have the first ones," Mr. Goldstein said. "It is something really special." He later bought about 4,000 other cigars at the auction.]

By comparison, handmade imported cigars were selling at a shop in mid-Manhattan for from 50 cents to $2 each.

Cigar aficionados had been streaming into the armory since pre-auction viewing began with a black-tie party Thursday night.

Lew Rothman, president of the J-R Tobacco Corp. and discoverer of the Cuban cigars, guaranteed their freshness, explaining that they had been kept in a climate-controlled warehouse in Spain since their shipment from Havana in 1958.

At the previewing on Thursday, 30-year-old cognac was served as prospective buyers puffed away on complimentary Ultimate President cigars from Honduras, which were said to be the finest available until the auction. The band played "Smoke Gets in Your Eyes."

Clouds from dozens of cigars billowed toward the 30-foot ceilings in the mahoganied Clark Room.

"I'm nauseous," said a woman, who sat on a couch in the hallway and threatened to ask one of the blonde models passing cigars for a gas mask.

Everyone else seemed to be having a grand time, away from nonsmokers who criticize them in airplanes, restaurants, buses, elevators and other enclosures. One man said taxi drivers would not pick him up when he had a cigar in hand.

The smokers discussed the smuggling of Cuban cigars, telling of purchasing them legally, but at very high prices, in other countries on business trips and vacations and then returning with them to the United States, which is illegal.

The smokers agreed that this would probably be the last such sale until normal trade relations with Cuba were resumed, a day prayed for by cigar smokers.

"Invading Grenada was a very bad move cigarwise," said Mr. Warner.

United Press International
Lew Rothman, president of J-R Tobacco Corp., displays a box of the first Cuban cigars to be sold legally in the United States since a 1961 trade embargo against the Castro regime. The cigars, exported to Spain before the Cuban revolution, were auctioned in New York.

INSIDE

ART BUCHWALD

Typical Washington Fan

WASHINGTON — The phone rang the other day and a sportswriter from Dallas asked me a strange questinn.

"Why do the people in Washington hate the Dallas Cowboys?"

"Where on earth did you get that idea?" I asked. "There isn't a team in the National Football League whom we hold in higher esteem and affection."

"That isn't what we read in the newspapers down here," he said.

"Don't believe everything you read in your own papers," I told him. "How can we hate 'America's Team'? They represent all that is good about this country. They are a credit to their state. I have never heard a harsh word spoken against Dallas by a Redskin fan."


Buchwald

"Does that mean ynu've never been to a Dallas-Redskin game in Washington?" he asked.

"Of course I have. But we cheer equally for both teams. Redskin fans are only interested in seeing a good football game. When it comes to playing the Cowboys the score is immaterial to us."

"Are you putting me nn?"

"Why wnuld snmenne from Washington lie to a Dallas sportswriter?" I said. "Ynu have to understand the nature of Redskin supporters. We're different from Cowboy fans. Although we like to win, we don't consider it a matter of life and death. Our hearts go out to the other team if they fumble the ball or their quarterback is sacked. This is especially true when we play Dallas. We have nnthing hut pity for them and we don't want them tn get out of football just because of us."

□

"Are you trying to tell me the Dallas-Redskin meeting isn't the most important game of the year?"

"Don't make me laugh," I tnld him. "As far as we people in Washington are concerned it doesn't compare tn facing a *real* team like Tampa Bay or the Houston Oilers. The truth is we try to keep our first stringers on the bench so we won't run up the score."

"Am I really talking to Washington, D.C.?"

"You certainly are and I'm privileged tn have this opportunity tn dispel once and for all the rumors that there is any ill feeling between the Redskins and the Cowboys. After all, we both live in the same world and we doo't have time for animosity when it comes tn a silly gridiron contest. There is no room in a Redskin's heart for hate. We lnve Dallas, we love the Cnwboys and we worship the Astroturf you walk nn."

□

"Suppose I told ynu that the Cowboys are determined to beat your brains out."

"If you feel that strongly about it, we'll just turn the other cheek."

"I can't believe I'm bearing this."

"I know it's difficult for people in Texas to understand Redskin fans. But most nf us were brought up in the Quaker tradition. You can't provoke us by stirring up a rivalry that will only lead to bad feelings between twn nice foothall teams."

"I can't print this garbage in a Dallas newspaper."

"I dnn't see why not. It would lead to better understanding between mankind."

"I'm talking about a football game that could decide the Super Bowl," he said.

"And I'm talking ahout the brotherhood nf man," I told him. "We're not savages in Washingtnn who lust for victory from a Third World football power."

"Do you realize I have oo column for Sunday if I print what you just told me?" he yelled.

I said, "Ynu don't, but I do."

Cornell Medical College Gets $50-Million Gift

The Associated Press

NEW YORK — Cornell University has received an endnwment estimated at $50 million for its medical college, one of the biggest gifts ever bestowed on an institutinn of higher learning, President Frank H.T. Rhodes announced Thursday.

The gift, from a donor who wished tn remain annnymous, will provide the college with $3 million a year in perpetuity.

Photographer Annie Leibovitz: No Pictures Please

By Beth Ann Krier

Los Angeles Times Service

LOS ANGELES — "Annie doesn't like having her picture taken. She says 'Nn photos,'" insisted the polite but unwavering publishing representative.

What? Annie Leibovitz, nne of the most celebrated celebrity photographers of our time, does not allow her photo to be taken?

No cooperation from the woman who photographed John Lennon entwining his nude body lovingly around a fully clad and apparently dispassionate Yoko Ono on the day he was assassinated?

This photographer — fnr whom Clint Eastwood allowed himself to be literally hog-tied, fnr whom Lauren Hutton bathed in mud, for whom Linda Ronstadt sprawled across her bed in red silk underwear, for whom John Irving posed in his wrestling costume and for whom Bette Midler lunged lasciviously under hundreds of long-stemmed roses — is not willing to have done to her what she does tn others?

Leibovitz reluctantly reconsidered after she arrived for an interview to promote her just-published book "Annie Leibovitz Photographs" (Pantheon-Rolling Stone Press: $35).

What is behind this aversion to being photographed? "I really don't know. Maybe it's a paranoid idea that I know what the nther photographer's thinking. People think I'm taking advantage nf people, but 95 percent of my wnrk is a collaboration. I'm nnt taking advantage. To me it's a very sacred situation. This is pretty serious stuff to me. I really think — really think about it."

Leibovitz, 34, is the former chief photographer for Rolling Stone magazine and currently under contract to Vanity Fair. A show of her work, which recently closed at the Sidney Janis Gallery in New York City, is showing in Chicago this month, then is expected to be shown next year in Atlanta, Dallas, Washington, San Francisco and Los Angeles before it travels tn Europe.

The pessimism of some of Leibovitz's work matches her repntation — a reputation many artists cultivate: hard on herself, rarely satisfied, yet always willing to go to any length to produce fine work.

"I guess I just expect the same that I give and it's usually impossible," she sighed, adding that although Tom Wolfe reported in her book's introduction that she "prefers tn move in with her subjects days before she starts taking pictures," it is no longer the norm. "I don't really move in anymore. When I was younger, I just didn't know when to leave sometimes."

A case in point was the Rolling Stones concert tour of 1975, which Leibovitz was hired to photograph for the Stones.

"I didn't know what drugs were before I went on that tour," she recalled. "It took me about five years tn get off the tour."

Leibovitz suddenly was not sure she wanted to talk about her recently successful struggle to give up an intermittent hut regularly irregular use of cocaine. But having just described her subjects as "unafraid of something that's a little close to the truth," she decided to go ahead. "I really don't have anything to hide and I don't think anyone else should. We're all human beings.

"It is a disease. It's a never-ending battle. Right now I'm not drinking and I'm not taking drugs. I'm not a strict vegetarian but I hardly eat any meat at all. I'm running between four and five miles three or four times a week. I feel like I'm just starting again. Things have gotten tremendously better. What I find now is that my work feels much more thnughtful and I hope much more sensitive. It doesn't feel as frightening."

She speculated that she might be "ready to give talks" on her drug experience "within a year or so" — and then remembered that she was already scheduled to talk with in-patients at a hospital.

Leibovitz is single, and is clearly wedded to photography. She calls the new book "a nice little collection of one style of my work. It's the best of the portrait work in the last five years, a good calling card. I was shocked at how many people like my work. I knew people looked at my work but I never knew bow much they liked it."


Pantheon Books/Rolling Stone Press

Annie Leibovitz by Robert Mapplethorpe.


Pantheon Books/Rolling Stone Press

Leibovitz photo of Yoko Ono, son Sean Lennon.


Pantheon Books/Rolling Stone Press

Lily Tomlin and Richard Pryor, by Leibovitz.

PEOPLE

Globe-Trotting Samantha Ready to Conquer Japan

The Christmas holidays will find 11-year-old Samantha Smith back in the limelight as she follows up her widely publicized trip to the Soviet Union by going to Japan. Samantha and her mother, Jane, are to fly to Tokyo on Dec. 21 at the expense of Tsukuba 1985, an organization that is creating and promoting Japan's upcoming trade exposition. Samantha's father, Arthur, who accompanied his daughter to the Soviet Union, plans to remain home in Manchester, Maine. Samantha visited the Soviet Union in July as the guest of the Soviet leader Yuri V. Andropov, after Pravda printed portions of a letter she had written to Andropov asking about the possibility of war.

□

Butlers to Prince Charles and Princess Anne have received telephoned death threats from a man with an Irish accent, one of the butlers was qunted as saying Thursday. Andrew Lightwood, who said he quit his job with Princess Anne after receiving 14 calls, was quoted by Press Association, Britain's domestic news agency, as saying that Prince Charles's butler at his country home had been the target of similar threats.

□

The Sandi billionaire Adnan Khashoggi Thursday celebrated the marriage of his niece, beaming proudly as gold-plated coins were thrown on the bride and bridegroom during the wedding procession in a posh hotel in Cairo. It was considered one of the most important, and costly, weddings here this year. The guests — nearly 2,000 were invited — included Egyptian ministers, writers, actors, and foreign diplomats. The bride, Jomana Anas Yasin, recently graduated from a Swiss finishing school. The bridegroom, Hisham Mohammed Bishada, is an Egyptian physician. Hotel officials said the cost of the occasion totaled the equivalent of $170,000, not including the fees for the numerous singers and dancers who performed.

□

Wilfried Guth, senior executive of the Deutsche Bank, has been chosen as chairman of the board of governors of the Paris-based Atlantic Institute for International Affairs. He will succeed John H. Loudon, who resigns in June after 15 years in the post.

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AMERICAN TOPICS

'Baby Boom' Attitudes Tend to Be Traditional

They oppose wider sexual freedom and the use of marijuana, favor a strict upbringing for children and welcome traditional family ties and more respect for authority. They're a majority of the baby boom generation, born between 1946 and 1964, and a new public opinion survey shows that they're much more traditional than many Americans think.

However, the survey, released by the American Council of Life Insurance and the Health Insurance Association, showed that the baby boom generation departs from its parents' conventional values in important ways. Most disagreed with the concept that "a woman's place is in the home," and a majority said it was for an "equal" marriage in which the spouses share work, child-raising and homemaking responsibilities. About 56 percent of this group, which includes one of every three Americans, approved of unmarried couples living together.

The report predicted that the lives of this generation, now aged 19 to 37, "with respect to marrying and having children, will closely resemble earlier generations." Many are marrying later and having fewer children than their parents, it said, "but there is little evidence they are rejecting these societal institutions as part of their life cycle."

The report was based on a telephone survey of 1,000 people by National Research Inc.

Catholics Are Facing A Shortage of Priests

The shortage of Roman Catholic priests in the United States is likely to grow as seminary enrollments decline and priests who entered the church in the 1960s drop out in sizable numbers.

By the year 2000, a conference on church vocations was told, the current total of nearly 58,000 priests will be halved and most of the remaining priests will be 60 or older. Bishop Thomas J. Murphy of Great Falls-Billings, Montana, said he already has had to consolidate city parishes into "clusters" to provide priests even occasionally for rural congregations.

The number of young men entering Catholic seminaries has dropped from 48,000 in 1962 to 12,054 this year. At the same time, overall church membership is climbing and Protestant seminaries are flourishing.

The Rev. Richard P. McBrien of the University of Notre Dame at Notre Dame, Indiana, said that behind the Catholic shortages "must be factors peculiar to Catholicism and to the Catholic priesthood as presently structured." Research commissioned for the conference cited five such factors: celibacy, the exclusion of women from the priesthood, the lifetime commitment, a life-style and manner of dress setting one apart from society, and little or no opportunity for economic advancement.

Also, William C. McCready, program director of the National Opinion Research Center, said that many Catholic women are angry with their church because of its limited roles for women, and aren't encouraging their children to choose it as a vocation. The conference, held in Chicago, was sponsored by the Washington-based Foundations and Donors Interested in Catholic Activities Inc., a small research organization that gives advice on philanthrophy to wealthy Catholics.

Notes on People

With **Howard H. Baker Jr.** of Tennessee planning not to run for re-election next year, Republican senators are jockeying


UPI
Senator Robert J. Dole

for the position of floor leader. Among the most visible is **Robert J. Dole** of Kansas, whose qualifications include his party's nomination for vice president and a reputation as one of Capitol Hill's best legislators. Other likely candidates: Alaska's **Ted Stevens**, the majority whip; **Richard G. Lugar** of Indiana, chairman of the Senate Republican Campaign Committee; **Pete V. Domenici** of New Mexico, chairman of the Budget Committee, and **James A. McClure** of Idaho, chairman of the Senate Republican Conference.

SAT Is Not Suitable For Testing Schools

The Scholastic Aptitude Test, the examination widely used by colleges and universities as a criterion for entrance, is not a good test of a school's performance, according to the head of the company that administers it.

Gregory R. Anrig, president of Educational Testing Service, said the SAT is a valid test of the vocabulary and reasoning skills that schools develop, but "a very bad measure" of the overall performance of schools. Because only about one-third of the nation's high school graduates take the SAT, Mr. Anrig said at a national forum on educational excellence, the scores show "only a piece of what's out there."

A more useful "report card on the schools," Mr. Anrig said, is the National Assessment of Educational Progress, a federally sponsored national exam taken by elementary and junior high school students as well as those in senior high schools.

Fugitives From Justice At Record High in N.Y.

New York City has logged another record, this time for defiance of its judicial system. Outstanding in the city are a record 312,000 arrest warrants, issued by city judges for persons who jumped bail or failed for other reasons to show up for scheduled court dates.

The backlog of court-issued arrest warrants has more than tripled since 1970. The Bronx district attorney, Mario Merola said, "The warrant system is another one of the breakdowns in our criminal justice system. The prosecutor generally winds up waiting until the suspect commits another crime before we get him or her back to court." About 30,000 of the 312,000 outstanding warrants were issued for suspects accused of felonies, including violent crimes, police said.


The Associated Press
Walter F. Mondale, left, and the Rev. Jesse L. Jackson, candidates for the Democratic presidential nomination, spoke Saturday to the Alabama Democratic Conference.

NOW Endorses Mondale As Presidential Nominee

By Bill Peterson
Washington Post Service

WASHINGTON — The National Organization for Women, the largest American feminist group, has endorsed Walter F. Mondale for the Democratic presidential nomination, saying he is the candidate "who will be best for women" and can defeat President Ronald Reagan.

Mr. Mondale, former vice president, won 32 of 37 votes cast Saturday at the end of a six-hour meeting of NOW's governing board in which supporters of Senator Alan Cranston of California, Senator John Glenn of Ohio, and the Rev. Jesse L. Jackson urged support for their candidates.

The endorsement, the first in NOW's 17-year history, added to the list of groups representing organized labor, teachers and social workers that have backed Mr. Mondale, a front-runner for the nomination.

Judy Goldsmith, president of the group, said at a news conference announcing the decision: "The endorsement of NOW will send a message to the majority of the women of this nation that Walter Mondale is the candidate who will be best for women and who can defeat Ronald Reagan. We are determined to help Mondale mobilize the gender gap."

The term "gender gap" was coined this year after public opinion polls indicated considerably less support for President Reagan among women than among men.

Ms. Goldsmith said Mr. Mondale had won the endorsement because the NOW board was impressed with his record on women's issues, because he appeared to be the most electable Democratic candidate and had pledged to select "a feminist" running mate.

She estimated there was a "50-50 chance" that Mr. Mondale would pick a woman as running mate.

The board of the 250,000-member organization rejected a move to append to the Mondale endorsement praise of four other Democratic contenders — Senator Cranston, Mr. Jackson, Senator Gary Hart of Colorado, and George S. McGovern, a former senator from South Dakota.

Senator Cranston, endorsed by the NOW chapter in his home state of California, was the only serious challenger to Mr. Mondale, but he never mustered more than 11 votes in preliminary balloting.

NOW has more than 800 chapters, representing all states, and the group developed a skilled corps of thousands of political activists in the long and unsuccessful battle for ratification of the Equal Rights Amendment.

■ Jackson Suffers Setback

The New York Times reported in Mobile, Alabama:

Mr. Jackson suffered a setback Saturday in his campaign for the Democratic presidential nomination when he failed to receive the endorsement of Alabama's largest black political organization.

Voting 116-38, members of the Alabama Democratic Conference endorsed a ticket headed by Mr. Mondale with Mr. Jackson as his running mate.

The president of the group, Joe L. Reed, said the arrangement would represent a model ticket. But several of Mr. Jackson's supporters denounced the move as a slap at his candidacy.

The organization is generally regarded in political circles as a key black group in the South. Both the Jackson and Mondale camps had considered the endorsement decision a key test of Mr. Jackson's ability to block Mr. Mondale's support from blacks.

Reagan Election-Year Budget Holds No Major Surprises, Planners Say

By Jonathan Fuerbringer
New York Times Service

WASHINGTON — Administration officials who are preparing the final version of President Ronald Reagan's election-year budget say they expect it to include proposals for a contingency tax increase, a cut of about $8 billion in non-military domestic spending for the fiscal year 1985 and reductions of about $4 billion in Medicare and other benefit programs.

The major difference between the 1985 budget and the president's previous budgets, officials said, is that no major program initiatives, such as the 1982 proposal to turn over some federal programs to the states, are expected.

Without any "major surprises," officials said, the new budget should look very much like the one Mr. Reagan sent to Congress last January.

"It's the old budget in a new cover," an official said.

The officials, who gave a first overall look at the shape of the budget, said most of the non-military domestic spending decisions had been made and that there was a general agreement on the cuts in benefit programs.

Officials acknowledged that the proposed 1985 spending total was expected to be more than $918 billion, which was the target for the 1985 budget set earlier this year. In the fiscal year 1984, which began Oct. 1, spending, based on congressional action so far, is expected to be about $850 billion.

Although all figures are still tentative, they indicated that for the fiscal years 1985, 1986 and 1987 the total package of proposed spending cuts could be about $100 billion.

But the president has yet to rule on key areas, including the contingency tax package and the military spending plan. Although an official said the contingency tax package was a "mathematical necessity" to decrease the federal deficit, he acknowledged that Mr. Reagan might find it hard to accept.

With these proposals and with some possible cuts in the increase in military spending that the president has sought, the deficits in 1985 and the immediate future would be about the same as or "slightly higher" than those now projected by the administration, officials said.

The administration's deficit projections, based on its July review, show the deficit declining from $180 billion in the current fiscal year to $82.3 billion in fiscal year 1988.

The contingency tax increases proposal, like the one proposed by the president in the current budget, would only go into effect if certain conditions were met. The requirements in the 1984 proposal were that Congress approve the spending cuts proposed by Mr. Reagan, that deficits were still more than 2.5 percent of the gross national product and that the economy was still growing.

Officials said the budget, to show a downward decline in the deficit, would have the contingency tax plan go into effect Oct. 1, 1985, the beginning of the fiscal year 1986.

The tax increases were a 1 percent surcharge on corporate and individual income and a $5-a-barrel tax on domestic and imported oil.

On non-military domestic spending, the officals said about three-fourths of the decisions had been made final. One of the problems, said an official, is that many agencies increased their requests for this year in the belief that Mr. Reagan would want some program initiatives to help in an expected re-election campaign. Instead, the president decided to hold down spending on these programs. The expected reduction, $7 billion to $9 billion, will not be from the 1984 spending level. Instead, it will be made from a projected 1985 spending level that allows for higher spending to keep up with inflation.

On benefit programs, the 1985 budget will include a renewal of the Medicare cuts proposed last year, perhaps with some modification. These included a limit on hospital and physician reimbursements and changes that would have recipients pay more for their coverage.

Reagan Says Up to 1,000 Are Trained for Suicide Bombings in Lebanon

By Lou Cannon and Juan Williams
Washington Post Service

WASHINGTON — President Ronald Reagan has said that up to 1,000 terrorists, many of them Iranians, are grouped in Lebanon to conduct suicide-bombing attacks similar to the one Oct. 23 in Beirut that killed 239 U.S. marines.

Mr. Reagan made the comment Wednesday at a closed meeting of Citizens for America, a staunchly pro-Reagan political action group.

White House officials confirmed Friday that a "substantial number" of terrorists had been trained to conduct such attacks in Lebanon. One likened them to Japanese kamikaze pilots who dove their planes into U.S. ships in World War II.

Some of the Reagan supporters whn attended the meeting left with the impression that the president was talking about the possibility of suicide-bombing attacks in the United States. This was apparently because Mr. Reagan had been asked about the dangers of a bomb attack at the U.S. Capitol when he gives the State of the Union address next month.

The president never answered this question directly, and a tape of the meeting seems to show that he was talking about possible future suicide bombings in Lebanon.

However, an official said that recently increased security at the White House, including use of dirt-filled dump trucks and concrete barriers, although not directly related to the suicide-bombing threat, "was taken in this context."

Asked at the meeting about the danger of a bomb attack during the State of the Union address, Mr. Reagan replied that be shared his listeners' concern abont security.

"I tried it the other way once outside the Hilton Hotel," he said, referring to the attempt on his life in March 1981. "I didn't like it."

When asked about the suicide attack on the U.S. compound in Beirut, Mr. Reagan replied:

"We have information right now that they have marshaled a force, particularly of Iranians in Lebanon, that numbers up to 1,000 who are all willing to sacrifice their lives in a kamikaze attack."

At the time of the attack on the marines, Secretary nf Defense Caspar W. Weinberger said "circumstantial evidence" linked Iranians tn the bombing. Officials said they based this assessment on observation of Iranian activities in Beirut soon after the bombing.

A principal suspect in the assault is a radical Lebanese Shiite Moslem splinter group headquartered in the Bekaa region of eastern Lebanon, which is controlled by Syrian forces.

Israel Refuses Guarantee For Arafat Evacuation

Reuters

JERUSALEM — Israel said Sunday that it would nnt give guarantees of safe passage to Yasser Arafat and his 4,000 loyalist Palestinian guerrillas when they are evacuated from the Lebanese port of Tripoli.

Asked if Israel would prevent Mr. Arafat, chairman of the Palestine Liberation Organization, and his men from leaving the besieged port, the cabinet secretary, Dan Meridor, said: "Israel is not going to answer that question."

Speaking after the weekly cabinet meeting, Mr. Meridor condemned the decision by the United Nations to allow its flag to be flown on ships in the evacuation.

Greece, which had offered to transport the Palestinians from Lebanon, where they are surrounded by Syrian-backed PLO dissidents, had asked Israel for guarantees that its ships wnuld not be attacked.

Mr. Meridor said Israel would provide no such guarantee.

Ariel Sharon, minister without portfolio, said last week that Mr. Arafat should not be let out of Tripoli alive because it would lead to a reconstitution of the splintered PLO.

But Western diplomats have said that it would be unthinkable for Israel to attack a foreign vessel flying a UN flag. They said Israel clearly wanted to keep Mr. Arafat and the world guessing to express anger over the UN decision.

A senior Israeli official, who asked for anonymity, said Sunday: "We wouldn't declare war on the UN or Greece."

He said Israel did not want Mr. Arafat to stay in Tripoli because it wanted Lebanon free of the PLO but that the government was unhappy that the move was being made under UN auspices.

After the cabinet meeting, Mr. Meridor repeated calls to King Hussein of Jordan to negotiate with Israel over the future of the West Bank.

"With the PLO breaking up, the time is right for such negotiations," he said.

King Hussein has ignored similar Israeli approaches in the past.

■ **Beirut Truce Breaks**

Heavy fighting broke out in Beirut's southern suburbs late Sunday, ending two days of relative calm in the Lebanese capital after a cease-fire was arranged Friday in Damascus, Reuters reported from Beirut.

Security sources said the clashes lasted five hours and worsened during the evening despite a new truce.

The rightist Christian Phalangist radio said that fighting began with early afternoon sniping in the southern suburbs, where the Lebanese Army is facing the Shiite Moslem Amal militia, and developed into duels with beavy weapons.

One civilian was wounded by sniper fire and a soldier was wounded as seven shells and about 30 rocket-propelled grenades hit army positions, the radio said.

Despite the clashes, the semi-official television said a security committee charged with reopening Beirut International Airport would meet Monday for the first time in more than a week.

The representative of the Shiite Moslem militia Amal has boycotted committee sessions for a week in protest tbe alleged abduction of Shiites on the coast road south of Beirut.

The committee, which groups the army, the Druze party, Amal and the rightist Christian Lebanese Forces, was set up in September tn stabilize the Saudi-mediated cease-fire that ended a three-week war in Lebanon's central mountains.

One of its tasks is to ensure the safety of the airport, closed since the beginning of December when anti-government forces shelled Lebanese Army positions there.

The new cease-fire was arranged in Damascus under Syrian auspices and security sources said the consultations had produced an "integrated security plan" under which the Lebanese Army and gendarmerie would move into areas now under the control nf unofficial militias.

Shultz Makes Stiff Defense Of Israel Tie

Public Rebuke by Arabs Elicits Blunt Response

By Don Oberdorfer
Washington Post Service

RABAT, Morocco — Secretary of State George P. Shultz, ending two difficult days in moderate Arab nations, declared Sunday that "the United States has had, does have now and will continue to have a strong and supportive relationship with Israel."

In the face of repeated criticism that the United States has "tilted" to a one-sided policy in the Middle East, Mr. Shultz described the recent U.S. accords with Israel as limited and specific, and largely a response to Soviet activity in the region.

It remains unclear how much success Mr. Shultz had in controlling the damage among the Arabs to the U.S.-Israeli agreements while continuing to defend the pacts in public and private.

His toughest trials came Saturday in Tunisia, where Mr. Shultz encountered what be called "an earful" of extremely blunt official criticism as well as strnng denunciations of the United States in the local press.

His private meeting Sunday with King Hassan II of Morocco was held in an atmosphere that a senior U.S. official called "less strident" than that in Tunisia, but there was major concern nn both sides. The official said King Hassan offered "constructive suggestions about how American problems could he dissolved or minimized." Nobody disclosed the contents of the suggestions.

The perceptions and emotions in this part of the Arab world about U.S. policy, and Mr. Shultz's responses, were displayed in capsule form in Mr. Shultz's exchange with a Moroccan reporter at a press conference.

How do you find the reaction in the Arab world, the reporter asked, to the recent U.S. "strategic cooperation treaty" with Israel?

Mr. Shultz responded sharply that he wished someone would show him a copy because "there wasn't any treaty signed." He went on to restate the past, present and future strength of U.S. relations with Israel as he has done repeatedly during the trip.

He added that during the visit to Washington two weeks ago of Prime Minister Yitzak Shamir of Israel a great many things were discussed, including military and economic matters and "the buildup of Soviet arms in Syria."

An agreement between the United States and Israel was reached on a joint U.S.-Israeli political-military committee, and announcements made of several new U.S. aid and trade commitments.

In the press conference and his other utterances in the past two days, Mr. Shultz avoided using the term "strategic cooperation," which means so much to Israelis and which generates bitter feelings in the Arab world. The words were used in at least one high-level U.S. briefing for reporters preceding the Shamir visit and in many news accounts.

A senior State Department official accompanying Mr. Shultz said, however, that "the phrase strategic cooperation was never used in the talks with the Israelis." Questioned by U.S. journalists on this point, Mr. Shultz said, "I don't know bow to define a relationship in a couple of words."

British Airman Charged In NATO Message Case

The Associated Press

LONDON — A 21-year-old airman from a British base on Cyprus has been charged with passing a secret NATO message to an unspecified foreign power.

Senior Aircraftsman Paul John Davies was arraigned Saturday at London's Bow Street Magistrates Court on charges of passing a document containing the message to a wnman, identified as Eva Marie Gazi Jaafar, between Sept. 1 and 27. There was no further informatinn nn the message or the woman.

The Associated Press

Lech Walesa, left, the Polish labor leader, met Saturday in the office of his colleague, the Rev. Henryk Jankowski, center, with the U.S. chargé d'affaires, John R. Davis, after the Nobel Peace Prize was awarded. Mr. Davis offered President Reagan's congratulations.

Walesa, in Gdansk, Anxiously Follows Nobel Peace Prize Ceremony on Radio

By Bradley Graham
Washington Post Service

GDANSK, Poland — As he was being bonored across the Baltic in Oslo, Lech Walesa stayed at home in Gdansk on Saturday among friends and supporters, listening anxiously to a Radio Free Europe broadcast of the Nobel ceremony.

Mr. Walesa also celebrated an evening Roman Catholic Mass with hundreds of Solidarity sympathizers and dined with the top-ranking U.S. diplomats in Poland, who conveyed President Ronald Reagan's congratulations.

He could only imagine the pomp and circumstance of the award ceremony in Norway. Polish television carried no pictures of the event, reporting cursorily that Danuta Walesa had gone in her busband's place to pick up the prize. The Polish authorities view the granting of the Nobel Peace Prize to Mr. Walesa as a political gimmick by the West to stir up unrest.

Surrounded by two dozen reporters and several aides, Mr. Walesa stood throughout the proceedings in Oslo on Saturday afternoon, his ear cocked toward a short wave Sony radio on a table in the study of his close friend and priest, the Rev. Henryk Jankowski.

The radio was tuned to a live Pnlish-language broadcast from Oslo on Radio Free Europe that came through loud and clear, apparently free of official jamming.

Listening intently as the setting in the Norwegian hall was described, Mr. Walesa looked impressed when the radio told of the huge crowds that had taken every available seat and window in the place.

He gave away little of what he was feeling. The elation and relief he showed in October when the prize was announced have worn off under the continued pressure of his frustrated efforts to persuade Poland's Communist authorities to enter talks on workers' rights.

Dressed in a tan cord suit with a yellow shirt and burgundy tie, Mr. Walesa kept a somber expression on hearing himself praised by the chairman of the Nobel committee. He appeared solemn as well when, during the playing of a Chopin selection at the Nobel gala, the Radio Free Europe announcer read a list of Poles associated with the outlawed Solidarity trade union who were not in Oslo.

Mr. Walesa had decided not to try to attend the ceremony in deference to associates still in jail on political charges and because he feared that the authorities would block his return to Poland.

A trace of nervousness about how his wife and son Bogdan, 13, would cope in Oslo showed as he stood with his hands tightly clasped. As his wife stepped forward to read the text he had prepared, the 40-year-old unionist took a deep breath of anticipation.

As he waited out the morning in his apartment, drinking glasses of tea and chain-smoking cigarettes, Mr. Walesa had been asked by reporters: If you could speak with your wife now, what would you say to her?

"Bravo," he replied with a grin. "You are growing up as my deputy. I underestimated you."

As his wife spoke in Oslo, Mr. Walesa followed his copy of the text line by line with his finger, and he appeared satisfied at the end.

Mr. Walesa returned Saturday to St. Brigid's Church for an evening Mass dedicated to Poland's five Nobel prize winners. Seated next to Mr. Walesa during the service was the U.S. chargé d'affaires, John R. Davis, and his wife, Helen.

Few Positive Results Seen In U.S. Arms Control Effort

(Continued from Page 1)

tough approach is failing. They contend that the Kremlin has deliberately sharpened the mood of confrontation to intimidate Western Europeans in order to halt missile deployments in Europe.

"The Russians are deliberately trying to pump up a crisis the same way that Nikita Khrushchev created a Berlin crisis in 1960," says Zbigniew Brzezinski, Mr. Carter's national security adviser, in language similar to that of Reagan administration officials.

"Khrushchev was rattling his missiles to try to drive the U.S. out of Europe," Mr. Brzezinski said. "Now the Soviets are threatening an unbridled arms race by breaking off the arms talks."

He suggests accelerating the missile deployments in Europe, though administration officials say that that would be impractical for technical reasons.

Mr. Reagan and his secretary of defense, Caspar W. Weinberger, say Moscow will abandon its own hard line if the West remains firm and they predict that, in time, Soviet negotiators will he back at the Geneva talks.

The dissenters say they are mistaken to make snch forecasts. "Even if the Soviets were inclined to return," Mr. Shulman said, "these statements make it harder fnr them to do so" for fear of appearing to bow to U.S. pressure.

One time for breaking the present impasse would he next spring, during the pause after the first wave of U.S. missile deployments. If the West were willing to halt further deployments, Mr. Shulman and others say Moscow might be persuaded to strike a compromise, accepting these missiles and reducing its own arsenal of SS-20 missiles.

Walesa Asks For Dialogue

(Continued from Page 1)

present-day world with the eyes of a worker, a worker who belongs to a nation that has suffered so tragically from war. I most seriously wish that the world in which we live be free from the threat of a nuclear holocaust."

The dialogue be seeks in Poland, Mr. Walesa said, should apply to the whole world, an apparent allusion to the breakdown in U.S.-Soviet talks on arms issues and the generally poor climate of East-West relations. "We should go on talking," he said. "We must not close any doors."

The presence in Oslo of Mrs. Walesa and Bogdan, 13, gave the weekend an extra poignancy.

Mrs. Walesa and ber son watched from their hotel balcony as hundreds of Polish exiles and other Solidarity supporters serenaded them with choruses of "Sto Lat," a song Poles sing when they laud a friend or relative. They also watched a candlelight procession of thousands of human rights supporters Saturday night.

Inauguration Of Alfonsin

(Continued from Page 1)

arrived Friday from exile in Spain to attend the inauguration, was applauded by Congress as she attended the swearing-in.

"Some problems will not be solvable immediately," Mr. Alfonsin told Congress in an hourlong speech after taking office, "but public immorality has come to an end. We are going to be a decent government."

He later received the presidential blue-and-white sash and baton from the outgoing president, Major General Reynaldo Bignone.

General Bignone, now retired, was appointed by the military 18 months ago, after the Falklands war. He has been widely credited for having steered Argentina through the transition to democracy.

The ruling jonta of three service chiefs disbanded last Monday and the three commanders went into voluntary retirement. Mr. Alfonsin is expected to dismiss several other senior officers as he moves to cut back the armed forces and put them under civilian control.

In his speech, be asked Congress to abrogate an amnesty that the military decreed recently to exempt servicemen from prosecution over the disappearances, torture and other human rights violations.

Mr. Alfonsin said that the past could not he corrected with "vengeance or resentments," but neither could a democracy afford to act "as if nothing happened."

WORLD BRIEFS

Islamic Ministers' Gulf Peace Bid Fail

DHAKA, Bangladesh (LAT) — Islamic foreign ministers ended week of meetings early Sunday without breaking a deadlock on how stop the three-year Iran-Iraq war. The conference referred the issue Islamic heads of government who will meet next month in Casablanc Morocco.

Eleventh-hour mediation efforts by Bangladesh and other natio failed to sway Iran from its insistence that Iraq be branded the aggress Iraq, in turn, said that Iran's refusal to agree to a cease-fire and return prewar borders showed that it was to blame for prolonging the war.

On other issues, the conference adopted a resolution condemning United States and Israel for entering into a new military pact that Islamic leaders regard as jeopardizing hopes of a Palestinian homelan The foreign ministers avoided a statement on the leadership confli within the Palestine Liberation Organization.

Cardinal Criticizes Marcos's Spendin

MANILA (AP) — Manila's Roman Catholic cardinal has accus President Ferdinand E. Marcos of "wanton extravagances" and prais Mr. Marcos's assassinated rival, Benigno S. Aquino Jr., as a martyr an "a new national hero."

Cardinal Jaime L. Sin, in one of his strongest attacks yet on Mr. Marcos's rule, said economic problems have brought a Christmas seaso "that without doubt is the most dismal the country has seen since th terrible days of World War II" when the Philippines was invaded b Japan.

While "our country is in a terrible economic mess," the cardinal said a lecture to a writers group, Mr. Marcos's government was "indulging wanton extravagances, spending precious and borrowed dollars in a orgy of waste and ostentation here and abroad." But the cardinal said was not calling for Mr. Marcos's resignation, only that he make amen for a "national sin."

British Printers Plan One-Day Strike

LONDON (Reuters) — Leaders of Britain's most powerful printe union have called a national strike for Wednesday and the union's lead said Sunday that there could be an indefinite national newspaper stri over what the union regards as a fight for survival against laws design to curb trade unions.

The National Graphical Association, which has been fined nea £700,000 ($1 million) for violating new laws covering labor prote decided Saturday to call a 24-hour strike Wednesday that will preve publication of nearly all national and provincial newspapers. The unio general secretary, Joe Wade, told an interviewer on British radio: " may have to face the possibility of an indefinite strike within industry."

The 24-week-old dispute, which has led to the worst picket violence since Prime Minister Margaret Thatcher took office in 19 began when the Messenger Newspaper Group in northern Engla dismissed six printers for striking over the use of nonunion labor.

Budget Dispute May Force Danish Vo

COPENHAGEN (Reuters) — Denmark faced the prospect Sunday an election in January as the minority government fought a battle nerves with opposition parties over its 1984 austerity budget. Parliam is scheduled to vote Thursday on the finance bill and Prime Minister P Schluter, a conservative, has said he will call an election if the center-r coalition is defeated.

After several days of talks among all parties, the government has failed to secure enough support to approve the bill and party lead trading allegations of intransigence, said over the weekend that they not expect to hold further negotiations.

The crisis was sparked last week when the Social Democrats, the larg parliamentary group, said they planned to vote against the budget. T decision was approved unanimously Saturday by the party's executiv

Bush Beginning Visit to El Salvador

SAN SALVADOR (UPI) — Vice President George Bush, leading highest-level U.S. delegation ever to visit El Salvador, headed for Central American nation Sunday for talks on human rights.

In Buenos Aires, where he attended Saturday's inauguration of Pre dent Raúl Alfonsin, Mr. Bush said at a news conference that Washing "is prepared to be helpful" in improving relations between Britain Argentina, which are still strained because of the Falklands Islands w

Mr. Bush's delegation is scheduled to meet in El Salvador with Al A. Magaña, the provisional president; General Carlos Eugenio V Casanova, the defense minister; and representatives of all Salvado political parties.

U.S. Agency Assailed on Drug Approva

WASHINGTON (Reuters) — The U.S. Food and Drug Administ tion ignored evidence that the prescription painkiller Zomax po possibly fatal health risks, according to a congressional subcommitt report issued Sunday.

The agency approved the drug in 1980 knowing it posed a cancer ri and later ignored evidence that it caused severe allergic reactions th could be fatal, the report charged. Johnson & Johnson recalled Zom from the market in March after it was linked to five deaths and more th 1,100 allergic reactions.

Swiss Socialists Review Coalition Ro

BERN (AP) — Switzerland's Social Democratic Party, smarting fro major defeat in parliament, has announced that it will convene extraordinary congress next March to decide whether it should withd from the 24-year-old government coalition.

The decision on Saturday followed the refusal by the majority parliament last week to support the election of the official So Democratic candidate, Lilian Uchtenhagen, to the seven-member fed council or cabinet. She would have been the first woman minister s Swiss women won the vote 12 years ago.

For the Record

Former U.S. Representative John W. Jenrette Jr. has been sentenc two years in prison and fined $20,000 on bribery charges arising fro FBI's Abscam investigation. The South Carolina Democrat, who sentenced Friday in U.S. District Court in Washington, will remai pending an appeal. (UPI)

The Soviet chess veteran, Vassily Smyslov, earned another half from a drawn game Sunday against Zoltan Ribli of Hungary and one point from victory in the world chess championship semifin London. The result made the score in the 12-game series 5½ to 3½.

A Molotov cocktail was thrown onto the grounds of a Soviet-o mansion in Glen Cove, New York, early Sunday, setting off a small fire, police said. The mansion has been the subject of controversy city officials said that, unless the Russians paid taxes on the pro they could not use the town's beaches and golf courses. (AP)

Pope Stresse Church Uni

(Continued from Page

and nearly 10,000 in Italy, officials said.

Officials from both church described the papal visit as symbolism than substance b Roman Catholics and Luth while moving closer togethe divided on basic issues.

John Paul has visited othe estant churches in his around the world, but this first trip in Rome to a chur once considered popes as Christs."

The papal visit was anno on the same day last month Vatican released a letter b Paul praising Luther for his found religiousness."

In September, a group of Catholic and Lutheran theol in the United States deli declaration of convergence sic doctrines. The comm agreed that salvation cam through faith. They also co that good works are a ne result of the process.

But the two churches deeply divided over Holy C nion, the priesthood and ot raments. They also disagr the authority of the pope.

هكذا من الأصل

30,000 Protest Missiles At U.S. Base in England

W. German Demonstrations Continue After Frankfurt Rally Turns Violent

Compiled by Our Staff From Dispatches

GREENHAM COMMON, England — Police and troops struggled Sunday with women protesters who stormed a U.S. Air Force base in the biggest demonstration since the arrival of U.S. cruise missiles last month.

There were also demonstrations over the weekend in West Germany, the Netherlands and Italy. In West Germany, 14 police officers were hurt Saturday and hundreds of demonstrators arrested in violent protests against the deployment of Pershing-2 missiles.

Police in England said about 50 women had been arrested outside the Greenham Common base, 40 miles (64.5 kilometers) west of London. One policeman was reported injured.

A crowd of demonstrators, estimated at 30,000 by organizers and 50,000 by police, surrounded the base. The demonstrators, nearly all of them women, tore its fence down in several places, but police said none of the protesters came close to sensitive areas of the base.

The protest marked the fourth anniversary of the NATO decision to deploy U.S. medium-range missiles in Europe to offset Soviet missiles, and followed by one day the screening in Britain of the U.S. television film "The Day After," which depicts the effects of a nuclear attack.

In West Germany on Sunday, anti-nuclear demonstrators besieged two U.S. Army bases they say are sites for assembly of the Pershing-2 missiles.

Police said that a few hundred people joined demonstrations at a base in the Frankfurt suburb of Hausen and at Mutlangen, about 130 miles to the south.

Sunday's demonstrations were peaceful. But in a series of confrontations Saturday, police battled stone-throwing demonstrators in several West German cities. Fourteen policemen and an undetermined number of demonstrators were injured and more than 200 protesters arrested.

The violence Saturday in West Germany appeared to confirm reports that, after two years of mostly peaceful actions by West Germany's anti-nuclear movement, advocates of a tougher line may be gaining influence.

The worst incidents Saturday occurred in Frankfurt, where protesters fired flare pistols and threw stones at police for two hours outside the U.S. Army facility.

Frankfurt police officials said that 13 officers were injured in the running street battle there, one of the most violent incidents of the anti-nuclear campaign. Police used water cannon to disperse the demonstrators and arrested 90 of them.

In Stuttgart, one police officer was hurt and 129 protesters detained during an attempted blockade of the U.S. Military European Command Headquarters.

The largest demonstration Saturday occurred near the U.S. Army base in Mutlangen, where hundreds of the estimated 5,000 protesters briefly broke through police barricades but were contained well short of the base's main gates.

There were other demonstrations Sunday in nations which are to deploy the U.S. missiles.

In Woensdrecht, the Netherlands, about 100 demonstrators broke into a Dutch air force base Sunday, but left an hour later, police said. There were no arrests.

In Italy, more than 23,000 people marched Saturday in three separate demonstrations in Florence, Milan and the northern province of Bolzano to protest the missile buildup by the United States and the Soviet Union. No incidents or arrests were reported.

In Britain, following the broadcast of "The Day After," Defense Secretary Michael Heseltine, said in a taped interview that the film "is the most powerful argument" for the government's policy of nuclear deterrence.

Monsignor Bruce Kent, general secretary of the Campaign for Nuclear Disarmament, said, "I don't believe we can go on with nuclear deterrence forever without something going wrong," he said. "And that's the story of the film. Something did go wrong."

(Reuters, AP, LAT)

Paul H. Nitze

Nitze Sees Soviet Return To Strategic Arms Talks

Reuters

HAMBURG — A veteran U.S. arms negotiator predicted in an interview published in the magazine Der Spiegel that the Soviet Union would return to the negotiations on limiting intercontinental nuclear weapons with the United States in Geneva.

Paul H. Nitze, the chief U.S. negotiator at the parallel talks on limiting intermediate nuclear weapons, said in the interview published Friday that he believed that Soviet leaders would set a resumption date "as soon as they have squeezed every imaginable psychological advantage that they think they can get from their withdrawal from Geneva."

Moscow refused to set a date for resuming the talks when both sides adjourned for Christmas on Thursday, despite U.S. pressure to come back in February.

Mr. Nitze's remarks came as the editor of Pravda said in an interview published in Tokyo that Moscow intended to resume the strategic arms talks with Washington.

The Pravda editor, Viktor Afanasyev, said that in a new round the Soviet Union would propose negotiating a package of reductions in all kinds of nuclear weapons, including intermediate-range nuclear missiles and tactical nuclear arms.

He made the remarks in an interview Friday with a reporter of the Japanese daily Asahi Shimbun in Moscow, saying it was his personal view.

The chief of staff of the Soviet Armed Forces, Marshal Nikolai V. Ogarkov, in a press conference in Moscow on Dec. 5, rejected the idea of moving the question of intermediate-range nuclear missiles to strategic arms reduction talks.

Mr. Nitze told Der Spiegel that on the question of the intermediate weapons talks "it remains to be seen" what the Russians will do. He said that he hoped and assumed those talks would also be resumed.

The Soviet Union abruptly broke off those negotiations last month when it became clear that the North Atlantic Treaty Organization was going ahead with the stationing of new U.S. cruise and Pershing-2 missiles in Western Europe.

Mr. Nitze said that he believed arms agreements taking account of both the Soviet and NATO interests were possible in the foreseeable future but that they could only be achieved if NATO maintained a firm front against Soviet threats.

In Geneva, a top Soviet disarmament expert Saturday rejected Western appeals to resume negotiations on medium-range missiles.

Viktor Issraelyan, the chief Soviet delegate to the 40-nation Geneva Disarmament Committee which holds meetings separate from the two superpower sets of talks, said the medium-range talks were dead.

"We are not going to participate in any negotiations which are used as a smokescreen for implementing certain military plans directed against the interests of our country," Mr. Issraelyan told a private group discussing arms control problems.

But he said that "defensive countermeasures" taken by the Soviet Union against the deployment of U.S. missiles would "be kept strictly within limits that will be dictated by the actions of the NATO countries."

Ceausescu Again Urges U.S.-Soviet Arms Accord

By John Kifner

New York Times Service

BUCHAREST — President Nicolae Ceausescu, saying that he fears "nuclear destruction," has reiterated a call to the United States and the Soviet Union to stop deploying nuclear missiles and to resume arms control negotiations.

"The deployment of the new missiles and development of the ones in place will not bring extra security to either side, least of all to European countries," the Romanian leader said in an interview last week. "On the contrary, they will increase insecurity and the nuclear war threat."

He called on both sides to agree on a balance of forces at the lowest possible level.

His remarks came amid Soviet-U.S. tension over the issue of medium-range missile deployment in Europe. The United States, under terms of a decision by the North Atlantic Treaty Organization, has begun to install new missiles in Britain, Italy and West Germany. The Soviet Union has said that it will counter the deployment with new missiles in Czechoslovakia and East Germany.

The Soviet Union on Nov. 23 walked out of the Geneva talks on medium-range missiles and, last Thursday, suspended talks on long-range missiles.

These steps by both sides pose the danger of an escalation, Mr. Ceausescu said, "confronting Europe and the whole world with nuclear destruction."

Within the Soviet bloc, the Romanian leader has pursued a relatively independent foreign policy while maintaining tight controls at home. Romania declined to join the Soviet-led invasion of Czechoslovakia in 1968, condemned the Soviet intervention in Afghanistan in 1979 and does not take part in Warsaw Pact troop exercises.

Romania was also absent Friday in Moscow at a meeting of Soviet bloc ideological chiefs aimed at forging a united response to the U.S. missile deployments.

Mr. Ceausescu, in the interview, answered questions that had been previously submitted in writing.

After replying to the written questions, he engaged in a wide-ranging discussion in which he brushed off criticism of his human rights policies and strict rule and spoke animatedly of efforts to improve Romania's economy. His office later said these comments were off the record.

In the formal part of the interview, he said that while the United States should stop deploying its missiles "the Soviet Union in turn should not put the announced countermeasures into effect and should undertake to reduce some of its missiles in place, at least to the previously announced level."

Mr. Ceausescu said that level should not exceed the number of British and French warheads.

U.S. Lays Down Medicare Benefits For Hospice Care for Terminally Ill

New York Times Service

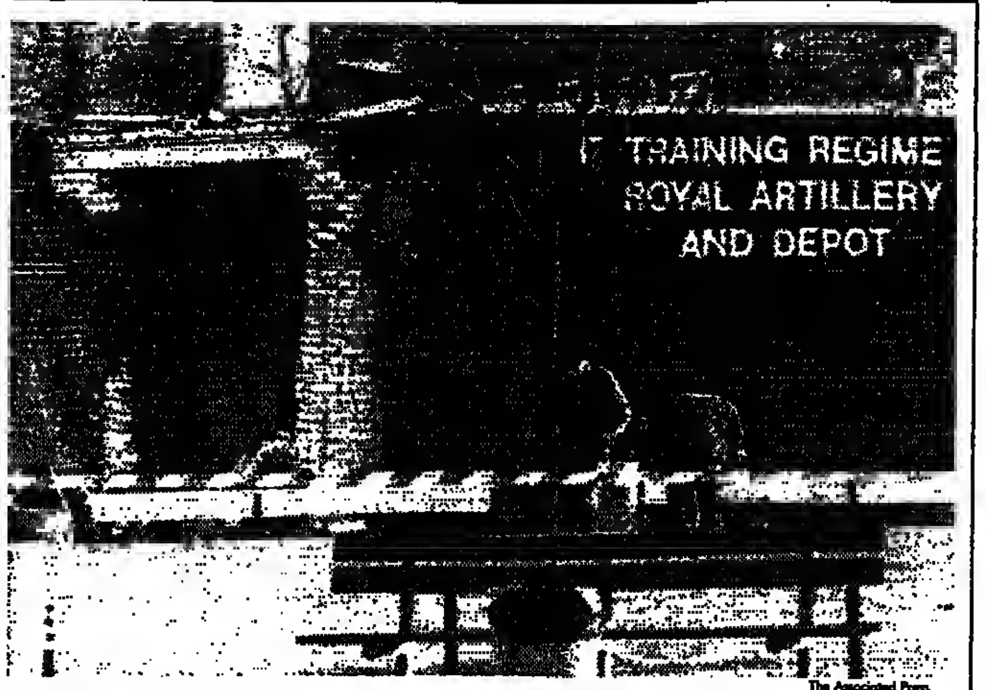
NEW YORK — After months of cabinet-level dispute and congressional pressure, the Reagan administration has set new Medicare benefits for hospice care for the terminally ill.

The program was created under a law passed by Congress in September 1982 with overwhelming bipartisan support. Hospice care provides nurses, medicine, home helpers, counseling and other assistance for terminally ill patients to die among friends in a home environment. It emphasizes relief of pain and suffering as opposed to hospital technology and cures.

Margaret M. Heckler, secretary of health and human services, said last week that she had laid down payment rates for hospice care. They are to be officially published this week and set the new rate for routine home care at $46.25 a day, a 12.7 percent reduction from the preliminary figure Mrs. Heckler announced in August.

Mrs. Heckler said the new rates had been set after analyzing data from 4,000 patients in 25 hospices around the country and weeks of negotiation with representatives of the Office of Management and Budget.

WORLDWIDE ENTERTAINMENT



The Associated Press

BOMB BLAST — A bomb injured five people and damaged the Royal Artillery barracks in Woolwich, London, early Saturday. Soldiers of the regiment searched for bomb fragments to help forensic scientists find clues to the explosion. Investigators said they feared it was part of a pre-Christmas campaign by the Irish Republican Army.

Bangladesh Ruler Becomes President In Apparent Bid to Consolidate Power

By William K. Stevens
New York Times Service

DHAKA, Bangladesh — Lieutenant General Hussain Mohammed Ershad, the head of this nation's military government, proclaimed himself president Sunday and dissolved his cabinet in an apparent attempt to consolidate his power before the presidential election that he has called for next May.

The 53-year-old general, who seized power in a coup in 1982, less than a year after the murder of President Ziaur Rahman, has made no secret of the fact that he intends to shed his army uniform and run for president in the May election. He has formed his own political party, largely army-based, in anticipation of doing so.


AP

Hussain Mohammed Ershad

A.F.M. Ahsanuddin Chowdhury, who has been the figurehead president in General Ershad's military regime, resigned Sunday.

The general's announcement that he was adding the title of president to that of chief martial law administrator came in a brief news report Sunday morning on Radio Bangladesh.

Later, in a television address to the nation, General Ershad said, "It has been considered necessary for me to assume the office of president for paving the way of transition to democracy from martial law."

He added, "We have come to a stage from where we want to fully dedicate ourselves to the task of establishing democracy in the country."

Sunday's action came less than two weeks after General Ershad ordered the leaders of Bangladesh's political parties arrested in the aftermath of anti-government riots in Dhaka and Chittagong in which six people were killed.

Troops were called out early Sunday and were on standby in the capital, but the city was quiet. Since General Ershad seized power 19 months ago, the country has been under martial law and the constitution has been suspended.

The opposition leaders arrested last month are still being detained. They include, most prominently, Sheikh Hasina Wazed, the daughter of Sheikh Mujibur Rahman, who is regarded as the nation's founding father, and Begum Khaleda Ziaur Rahman, the widow of President Zia, who is regarded by many as having been the country's most popular and effective leader. Sheikh Mujib and President Zia were both assassinated.

General Ershad has promised to hold the presidential election next May and to restore parliamentary government the next year. His opponents, who include the leaders of virtually all the country's political parties, insist that parliamentary elections be held first.

By holding the presidential election first, the opponents say, General Ershad seeks to guarantee the continuance in power of not only himself but the army generals and colonels who are regarded by the opponents as General Ershad's chief constituency. This objection underlay the demonstrations that resulted in last month's rioting and deaths.

On Sunday, General Ershad repeated his call for a dialogue with the opposition leaders. He did not say whether or when he would let the leaders currently in jail or under house arrest join in such a dialogue.

Carrington Heeding Call To Service in NATO Role

A Soldier by Training Gives Up Post In Industry to Lead Western Alliance

By Drew Middleton
New York Times Service

BRUSSELS — Peter Alexander Rupert Carington, who has been chosen to succeed Joseph Luns as secretary-general of the North Atlantic Treaty Organization, has many reasons why he should have remained in a prestigious post in British industry. Money was not one of them.

But when the opportunity came to do something for the Atlantic alliance and for his own country, Lord Carrington, chairman of the British General Electric Co., decided to return to international political life.

He is the sixth Baron Carrington, descended from one Tom Smith, who founded a bank in 1642. William Pitt, who helped bring Napoleon's downfall, made Robert Smith, a faithful but otherwise undistinguished member of the House of Commons for Nottingham, a baron, and Robert's son took the name Carington. The single "r" is the family name; the College of Heralds put two "r's" in the title.

The current holder of the title is bored by discussion of his name's two spellings. "My name's Smith," he tells people who ask about them.

The remark has the flavor of the man. He has held two of the most important roles in British government, foreign secretary and minister of defense. In addition, Lord Carrington has been a secretary in Britain's Ministry of Agriculture; held the post of high commissioner in Australia from 1956-1959; was first lord of the admiralty from 1959-1963; and was leader of the House of Lords in 1963 and 1964. He is regarded as an affable, approachable man with a dry wit.

Hand in hand with a commitment of service to the crown goes a personal conviction that if a government minister makes a blatant mistake his only recourse is to submit his resignation. The Foreign Office, under Lord Carrington, made a series of serious mistakes in 1982 over Argentine intentions in the Falkland Islands.

Lord Carrington did not make the mistakes personally. But he felt bound, when he saw the damage they had done, to submit his resignation. He left office deeply missed by his colleagues in the government.

In the words of one colleague still in the cabinet, "There's been no one to touch him as foreign secretary since."

As minister of defense, Lord Carrington will be remembered chiefly for supporting several programs that have strengthened Britain's conventional forces.

This is natural enough — soldiering was his first profession. Born on June 6, 1919, he was 20 when World War II began. Educated at Eton and Sandhurst, the British military academy, he became an officer in the Grenadier Guards and fought through the war.

The new secretary-general of NATO has, as he would say, "a plateful" of problems on his table. The quiet weekends on his farm in Buckinghamshire will be few. He and his wife, the former Iona McLean, will be immersed in the social activities that occupy a great deal of the week at NATO's Brussels headquarters.

The betting among those who know him, however, is that Lord Carrington will tackle NATO's problems with that combination of diplomacy and decisiveness that has served him well in the past.

Lord Carrington

Lord Carrington's political opponents will encounter a man experienced in the tactics of parliaments and bureaucracies. Also a man who is adroit at yielding a minor point to win a major one. The family motto is "Tenax in Fide," "Persevering and Faithful."

UN Rights Resolutions Accuse U.S. Latin Allies

By Richard Bernstein
New York Times Service

UNITED NATIONS, New York — Despite U.S. objections, the UN General Assembly has adopted resolutions accusing El Salvador, Chile and Guatemala of human rights violations.

The annual United Nations human rights debate, which lasted 10 days, centered as in previous years on these three nations. The resolutions adopted Friday called on their governments to ensure fundamental freedoms. The vote on El Salvador was 78-13 with 41 abstentions; on Guatemala, 80-14 with 36 abstentions; and on Chile, 86-15 with 36 abstentions.

Several Western European countries, including the Netherlands, Sweden, Greece, Norway, Spain, Italy and France, joined Cuba, Mexico and Yugoslavia in sponsoring some of the resolutions.

"It is true that we would like to condemn other countries," a Dutch spokesman said. "But because of the political constellation of the United Nations, it isn't possible."

The U.S. delegate, Jeane J. Kirkpatrick, asked why Chile, El Salvador and Guatemala were singled out. Cuba, she said, had more political prisoners, less freedom of the press and less judicial independence than Chile.

"Trade union rights are limited in Chile and we deplore that fact, but they are nonexistent in Cuba," she said.

Mrs. Kirkpatrick added: "Chile is a focus of attention in this body, therefore, not because of human rights concerns but, let us be clear, because it is a political target."

While much of the discussion was on the three Latin American countries, delegations used the occasion to criticize abuses elsewhere.

The United States, for example, detailed the Soviet use of psychiatric hospitals for repression.

The Soviet Union said the United States was "characterized by frenzied anti-communism, racism and hatred for anything progressive."

Copter Crash Kills 11 in Sudan

United Press International

KHARTOUM, Sudan — Eleven persons were killed Sunday when a military helicopter caught fire and crashed near the town of Abunama, 225 miles (360 kilometers) southeast of Khartoum, the Sudan news agency said. The dead included three flight majors, three air force noncommissioned officers and the assistant commissioner of Blue Nile province.

U.S. Force on Grenada Being Reduced to 300, White House Announces

By Ward Sinclair
Washington Post Service

WASHINGTON — More than 2,000 U.S. military personnel, most of the remainder of the invasion force that ousted Grenada's military regime in October, will leave the Caribbean island by Thursday, the White House has announced.

The White House said, however, that about 300 U.S. military police, technicians and other backup troops will remain, with no timetable for departure, as part of a multinational support force.

These troops, under the banner of the Organization of East Caribbean States, are to provide security and technical assistance as Sir Paul Scoon, Grenada's governor general, works toward reconstituting the Grenadian government.

Saturday's statement, issued by the White House press office, came just 24 hours after President Ronald Reagan told congressional leaders by letter that he could not predict when all U.S. forces would be removed from Grenada. The letter apparently made no reference to the impending pullout.

In previous announcements, aimed at derailing congressional efforts to impose a 60-day limit under the War Powers Resolution for removal of the U.S. forces, the White House had given assurances that all U.S. combat troops would be out of Grenada by Dec. 23.

The House early last month overwhelmingly adopted a resolution declaring that Mr. Reagan was legally bound to withdraw all U.S. forces within 60 days of the beginning of the invasion of Grenada on Oct. 25 unless Congress extended the timetable. Similar language passed the Senate but later was killed.

Representative Michael D. Barnes, a Democrat of Maryland and chairman of the House Foreign Affairs subcommittee on Western Hemisphere affairs, said Saturday that it was "very important that American military personnel be out of Grenada as quickly as possible," including the 300 security and technical people remaining behind.

Mr. Barnes said that even though hostilities have ended on Grenada, "the question is still open" as to whether a continued presence of U.S. troops after Dec. 23 would comply with the House resolution.

The last of the U.S. combat forces on the island will fly from Grenada Monday morning, returning to their base at Fort Bragg, North Carolina, the White House said.

Although the White House provided no numbers, it said that other U.S. forces and equipment used to support the paratroopers would follow the combat unit off the island, with the redeployment to be completed by Thursday.

Defense Department statistics released two weeks ago said about 2,700 U.S. military personnel remained on Grenada, roughly 1,000 combat forces and 1,700 support troops.

Plans for Site Linked to Suit Against Shell

By Iver Peterson
New York Times Service

DENVER — The size of the $1.9-billion lawsuit filed Friday by the U.S. Justice Department against Shell Oil Co., for environmental damage to lands the company leases at the army's Rocky Mountain Arsenal, may be related to the prospect of deactivating the arsenal for expansion of the airport here and for residential or industrial development.

Shell, which has a chemical plant on the arsenal site, has been blamed for part of the contamination of the arsenal grounds, but the army itself has disposed of explosives and chemicals on the site.

The city of Denver has been eying the arsenal site for badly needed expansion of the city's Stapleton Airport. And nearby communities have expressed interest in the land for expansion.

The army no longer makes or stores chemical weapons at the arsenal but has not yet committed itself to deactivating the facility and transferring it to public use. To do so, a federal environmental official pointed out Saturday, would require a huge expenditure.

Earlier this year an agreement was reached between the army and Shell Oil on one side and the U.S. Environmental Protection Agency and Colorado officials to stop surface and underground leakage beyond the arsenal grounds. Shell agreed to pay its share of the work.

The army had already given a figure of $49 million in capital costs and $74 million in operating costs for the cleanup; Shell, therefore, was stunned when the army announced Oct. 3 that the oil company's share would be $1.84 billion — and then added $47.8 million for subsequent work when negotiations with Shell broke down.

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U.S.-Zimbabwean Relations Strained By Disputes Over Non-African Issues

By Glenn Frankel
Washington Post Service

HARARE, Zimbabwe — Relations between the United States and Zimbabwe, crucial to U.S. policy in southern Africa, have significantly deteriorated in recent weeks.

A series of incidents, including Zimbabwean votes against U.S. interests in the UN Security Council and the shunning of a memorial service in Harare for U.S. marines and French soldiers killed in Lebanon, have angered American officials and led to the most serious strain since Zimbabwe, formerly Rhodesia, gained independence from Britain in 1980.

While Secretary of State George P. Shultz headed off a recent move to halve U.S. aid to Zimbabwe to protest the country's abstention on a United Nations resolution deploring the Sept. 1 downing of a South Korean airliner by the Soviet Union, the U.S. government has warned that aid cuts could occur.

The United States has also given notice that Zimbabwe's supporters in the Reagan administration may find it politically impossible to defend Zimbabwe's policies.

Zimbabwean officials likewise have been angered by what they interpret as heavy-handed U.S. efforts to dictate foreign policy to Harare.

The issues that have caused the strain are not directly related to the two nations' differences on African questions.

Instead, the disputes have arisen over international matters that suggest an inevitable conflict between a conservative U.S. administration that tends to view such issues in East-West terms and a young Third World nation that calls itself socialist and insists on supporting other countries it sees as anti-imperialist.

Publicly, the dispute has been kept low-key, with both sides signaling displeasure in oblique statements.

"We are nonaligned and we shape our own direction," said Deputy Prime Minister Simon Muzenda. "We believe those who want to be our friends must be willing to respect our views as we respect theirs."

Frank Wisner, deputy assistant secretary of state for African affairs, warned in a speech Nov. 22 that U.S.-Zimbabwean relations "can only be sustained on the basis of respect and reciprocity."

From the beginning, Washington's policy-makers on Africa have held special hopes for Zimbabwe, seeing its potential as a relatively prosperous, multiracial democracy that could contribute stability to the region.

The view that Zimbabwe deserves U.S. support prevailed despite misgivings over some of Prime Minister Robert Mugabe's internal policies. At the same time, the administration has issued repeated warnings over U.S. aid, which has totaled more than $200 million in the three years since independence.

The first threat came in 1981 after Zimbabwe supported a blistering communiqué from the Nonaligned Movement criticizing American policy in the Middle East and southern Africa and "colonization" of Puerto Rico.

Also, on such issues as Nicaragua and Chad, Zimbabwe has opposed U.S. positions in the United Nations.

The conflict came to a head this year after Zimbabwe was given a seat on the Security Council and abstained on the Korean airliner vote.

Mr. Mugabe, who was in the United States at the time, said that Zimbabwe was following the wishes of other black-ruled southern African states by abstaining and that the airliner issue had become an East-West confrontation that he thought his country should avoid. The Americans saw it differently.

"He was a guest in the United States and they were asking for his help, which he refused," an observer said. "It did not go down well."

Then came the Grenada invasion, which Mr. Mugabe condemned "as an act of wanton aggression carried out in complete defiance of the UN charter and the sovereign right of the people of Grenada."

Zimbabwe co-sponsored the Nicaraguan resolution condemning the U.S.-led invasion.

Finally there was the recent memorial service held by the U.S. and French diplomatic missions in Harare. The American version is that the Zimbabweans, although not consulted in advance, were given proper notice of the service, which was held on diplomatic ground and was nonpolitical.

Nonetheless, officials of the Foreign Ministry telephoned each embassy informing diplomats that the ministry was not consulted on the service and did not plan to attend. The message, delivered "in angry tones," was intended to intimidate other diplomats into staying away. Only 15 diplomats from other missions attended.

Zimbabwe's version holds that the calls were restrained and proper and that, in any case, common courtesy should have dictated that Zimbabwe be consulted in advance. The Zimbabweans argued that the memorial service was as political as, say, a service for Cubans killed in Grenada would have been.

Despite the threats, Congress recently voted to grant the full $75-million request for Zimbabwe made by the administration. But the new package contains a provision threatening to cut off assistance to countries consistently opposing U.S. foreign policy.

PANDA ON THE MEND — Ling-Ling, the ailing Chinese panda diagnosed as suffering from a serious kidney dysfunction, is improving, according to doctors in Washington. Dr. Mitchell Bush, right, chief veterinarian at the National Zoo, said doctors had ruled out a kidney transplant but were considering short-term dialysis. The 14-year-old panda, a Washington celebrity, underwent a series of tests and has been treated with doses of antibiotics and a blood transfusion from her mate, Hsing-Hsing. The Associated Press

Legislators Press Reagan Over Timor

New York Times Service

WASHINGTON — More than 100 members of Congress, led by Representative Tony P. Hall, Democrat of Ohio, have signed a letter to President Ronald Reagan urging him "to add the suffering of the people of East Timor to America's foreign policy agenda."

The letter asks Mr. Reagan to help in getting officials of the International Committee of the Red Cross into East Timor, a former Portuguese colony that was invaded in 1975 by Indonesian forces who set up a provisional government. East Timor was fully integrated as Indonesia's 27th province in 1976.

The East Timorese, the majority of whom are Roman Catholic, have resisted Indonesian rule. From occasional press reports, information reaching church officials and diplomatic sources have come indications that more than 100,000 East Timorese have died since then.

"Like Afghanistan, East Timor is the scene of massive violations of human rights and widespread human suffering," said the letter, which is to be sent to the president this week.

"In August of this year," it said, "Indonesian armed forces commander General Benny Murdani stated that there would be 'no mercy' for those in East Timor who continue to actively resist Indonesian rule."

The letter said that a report from church sources recently "described a massacre of 200 East Timorese villagers by Indonesia troops." Amnesty International has reported that "the Indonesia military has systematically tortured and summarily executed many prisoners in East Timor since 1975."

"We hope you will work with Portugal and Australia to develop creative policies to address the underlying causes of the ongoing human suffering in East Timor," the letter said.

The Indonesian government has repeatedly denied reports of human rights abuses on the island.

Moscow Police Detain 16 In Human Rights Protest

The Associated Press

MOSCOW — Police detained the son of an imprisoned Jewish dissident and 15 other demonstrators over the weekend after they held a quiet rally in Pushkin Square in central Moscow to mark International Human Rights Day.

Among those identified as detained Saturday evening was Boris Begun, whose father, Yosef Begun, 51, was sentenced in October to seven years in prison for anti-Soviet agitation and propaganda.

Study Finds Coal Power Cheaper Than Nuclear

By Matthew L. Wald
New York Times Service

NEW YORK — A study of electricity generating stations around the world has found that costs have risen so high that, in nearly all countries, a coal-fired plant begun today would be cheaper to build than a nuclear reactor.

The study, released Sunday by the Worldwatch Institute, a nonprofit research organization based in Washington, found that nuclear power development had fallen victim to rising construction costs and to a slowdown in the growth in demand for electricity. These are the same factors that have caused the cancellation of 87 plants in the United States since 1975.

The study, titled "Nuclear Power: The Market Test," said that "unless fortunes shift quickly, the pipeline of new plants will begin to run dry in all but a few countries by the end of the decade."

Christopher Flavin, a researcher with the institute and author of the study, said in an interview: "It appears that in France new nuclear plants are less expensive than a new coal plant would be where they are building them. That is probably true in Japan as well."

But those two countries, where coal is expensive, are probably the only nations in the non-Communist world where that is true, he said, and he added, "As a general rule, it is not economical in any developing countries."

"Cost overruns have been most severe in the United States, West Germany and Britain," the study said.

A prime factor in the increase is new safety equipment, the study found, adding: "Figures for the past decade show that the amount of concrete, piping and cable used in an average nuclear plant has more than doubled and that labor requirements have more than tripled."

The economics of construction are so poor that "the question now is not whether to make a few small adjustments to further encourage a thriving industry, but whether to introduce fundamental institutional changes and new economic subsidies to prop up a dying business," the study said.

Predictions of the amount of nuclear capacity likely to be built have dropped, the study found. In 1970, the United States, Western Europe and Japan expected to have 600,000 megawatts in place by 1985; today the prediction for 1985 is less than 200,000 megawatts, according to the study.

It also found that electricity from new nuclear plants costs 10 to 12 cents a kilowatt-hour and will reach 14 to 16 cents in 1990, while the cost of a kilowatt-hour generated by burning coal would be roughly half that amount in both years.

U.K. Paper Says, In Spite of Hoax, Hitler Papers Exist

Reuters

LONDON — A British newspaper, investigating the story behind the hoax of fake "Hitler diaries" earlier this year, said Sunday that it had established that some of the Nazi leader's secret archives survived a plane crash at the end of World War II.

The Sunday Times, which bought the fake diaries from the West German magazine Stern, said that most of the important documents from the plane that crashed in 1945 in Börnersdorf, now part of East Germany, were retrieved by members of a Luftwaffe unit and taken to the headquarters of Field Marshal Friedrich Schörner, an army commander respected by Hitler.

"The documents then went to Bavaria, where the trail goes cold because of a conspiracy of lies and silence among the members of the Luftwaffe unit who are still alive today," the Sunday Times said.

It said that Gerd Heidemann, the Stern reporter arrested for his supposed part in the hoax, did not know the diaries were faked and was fooled by a group of former Nazis.

The Sunday Times had announced on April 24 the discovery of Hitler's "secret testimony," but two weeks later the diaries were revealed to be certain forgeries. Mr. Heidemann and the man who confessed to writing the diaries are now being held in jail pending trial.

Top Official's Remark On Hunger in U.S. Draws Social Workers' Anger

By Margaret Engel and Edward D. Sargent
Washington Post Service

WASHINGTON — At 5:45 P.M. Saturday, a white truck arrived at Lafayette Square across from the White House to feed 50 men and women waiting in the chill for chicken soup and peanut butter sandwiches distributed by a local charity.

One year ago, about 90 people throughout the city would line up for these free meals. This year, a total of more than 400 people each night wait for the food wagon at eight locations in Washington.

"These people are the poorest of the poor," Dr. Veronica Maz, a Washington social worker who directs the program, said Saturday.

Edwin Meese 3d, an adviser to President Ronald Reagan, said in an interview published Friday that he has never seen "any authoritative figures that there are hungry children" in the United States and that some people go to soup kitchens "because the food is free and that's easier than paying for it."

"If he thinks a man prefers to stand in line for a couple of sandwiches, his reasoning is not right," Dr. Maz said. Reactions to Mr. Meese's comments have caused outrage among politicians, charity workers and the poor.

Both in terms of the growing number of people who wait in food lines and in statistical studies, those involved with feeding the poor say the evidence of hunger is undeniable.

Armed with reports from the General Accounting Office, the Massachusetts Department of Public Health and doctors at Boston City Hospital, food policy experts Saturday rebutted the presidential counselor's statements.

"This is the White House that says it trusts state and local governments," said Nancy Amidei, director of the Food Research Action Council in Washington.

A Massachusetts study, undertaken last year after Mr. Reagan criticized earlier reports of an increase in hungry children as unscientific, was among those presented to the President's Task Force on Food Assistance.

The study, of 1,500 poor children, found 10 percent chronically malnourished and 3 percent acutely malnourished, Mrs. Amidei said.

However, at the last of seven hearings of the president's task force last week in Boston, John Raisian, task force executive director, said "the evidence on soup kitchen activity is anecdotal."

Mr. Meese, echoing this belief, angered many people who believe his views indicate the administration's insensitivity to the poor.

"Our president and his aides may not find hunger in Camp David or Rancho del Cielo, but it is certainly spreading across America," said a Democratic presidential candidate and former Food for Peace director, George McGovern. Former Vice President Walter Mondale chose to visit a soup kitchen Saturday morning.

"All Ed Meese has to do is walk one block from his office and he'll see how hungry people are," said Donald Matthews, a volunteer at Martha's Table, a charity that distributes food to homeless Washingtonians. "People come back for seconds and thirds because those sandwiches are their only meal for the day."

The Rev. John Steinbruck, whose church is a few blocks north of Mr. Meese's office, has tried without success to get the White House to give his church's shelter for the homeless the leftovers from state dinners and receptions.

"I'm challenging the White House to do some good in its own neighborhood," with the vast amount of food waste from receptions," he said. A White House official said that Mr. Steinbruck's request was distasteful.

Mr. Steinbruck was most incensed about Mr. Meese's view that people using soup kitchens are opportunistic.

"There's nothing anecdotal about real human beings, somberly, sadly, waiting for sustenance," Mr. Steinbruck said. "It's not pleasant to eat in those environments."

Mitterrand Slips 2 Points in Poll

The Associated Press

PARIS — President François Mitterrand's approval rating slipped two points to 37 percent in December, according to a poll conducted for the weekly newspaper Journal du Dimanche.

The Socialist president's popularity hit a record low of 32 percent in October in the newspaper's monthly poll published Sunday. It climbed to 39 percent in November after Mr. Mitterrand visited Beirut following the deaths of French soldiers in the multinational peacekeeping force.

The poll showed that the most popular figure in France's conservative opposition forces was the former European Parliament president, Simone Veil, with 47 percent.

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INTERNATIONAL
Herald Tribune
Published With The New York Times and The Washington Post

SAUDI ARABIA

INDUSTRY AND DEVELOPMENT — A SPECIAL REPORT

Industry Feels Early Effects 'Of Saudiization'

By Joseph Fitchett

DHAHRAN — "Saudiization" is changing Saudi Arabia's economic life in profound and often-surprising ways, with few people willing to predict the final impact of this policy of fostering more local participation in every aspect of industry.

A striking symbol of this change is the news that a Saudi Arabian, Ali I. Naimi, will take over Jan. 1 as president of Aramco, the oil company founded by major U.S. oil firms and now belonging to Saudi Arabia and handling most of the country's production.

The first Saudi Arabian to head Aramco, Mr. Naimi is a thoughtful advocate of "Saudiization" who stressed in an interview that "our society is maturing economically and socially, and we need to provide the challenges and opportunities for self-fulfillment which our young people need."

In practice, this view, which is shared by most influential Saudi Arabians, means that foreign and Saudi companies devote extraordinary amounts of money and effort to training. Aramco, the grandfather of all modern enterprises in the kingdom, spent $650 million last year on training — more money than the entire budget of UNESCO.

Saudi Arabia as a government spends 15 percent of its nonmilitary budget (and an undisclosed part of its military expenditure) on manpower development, both outside Saudi Arabia and, increasingly, in the kingdom.

"Everybody here is supposed to be working himself out of a job," said a U.S. executive in a recently Saudiized bank.

Banking and oil — the two sectors that are the most important to the kingdom's economy — are the fields where Saudiization, both in training and in the emphasis on getting Saudi Arabians into key jobs, is proceeding the most rapidly.

At Aramco, 55 percent of what are called "supervisory staff" are Saudi Arabians — and a lot of the key personnel in the oil fields are Saudi Arabians. "We need a qualified Saudi work force at all levels, to operate, maintain and direct," Mr. Naimi said. Of nearly 60,000 Aramco employees, nearly 34,000 are Saudi Arabs.

At the same time, he reflects the view of many highly experienced Saudis in warning against an abrupt ouster of expatriates before enough Saudis are ready to administer the country's wealth. "Saudis are going to have breaks for the next 20 years, but expatriates will continue to play a key role during that period," Mr. Naimi said.

Throughout the kingdom, pressure is being applied by younger educated Saudi Arabians to make room faster for their talents.

"At Aramco, we don't have much respect for diplomas, we take qualified people and then start training them ourselves and giving them the experience they need to be seasoned and self-secure when they get responsibility," said an aide to Mr. Naimi.

Mr. Naimi, at 46, has 35 years' experience in Aramco. He started at 11 as a messenger, then won a scholarship and climbed up through the ranks as a geological technician. In 1963 he got an master of science degree at Stanford in hydrology and economic geology, and started a round of managerial assignments that eventually took him to the top job. A prestigious assignment along the way was his stint as chairman of Aramco's Manpower Advisory Committee.

Asked whether Aramco will be run in the same way as Saudi Arabians become the decision-makers, both foreign and Saudi Arabian "Aramcons" were divided in their replies, but not along national lines.

Some Arabs and expatriates emphasize Saudi Arabia's need to manage its wealth well, arguing that the need for performance will ensure that U.S.-type management continues.

A rival view is that a stronger Saudi flavor is liable at some point to dilute the impact of key expatriate specialists who will be needed for special technical jobs for a long time to come.

Already, the social pressures accompanying "Saudiization" are apparent. Within the Aramco compound at Dhahran — to all outward appearances except for a new mosque, a suburban U.S. town that might have been transplanted into eastern Arabia in the late 1950s — changes are starting to occur rapidly.

Aramco no longer provides the unofficial help it used to give to new employees to build reliable stills, and there are indications that swimming

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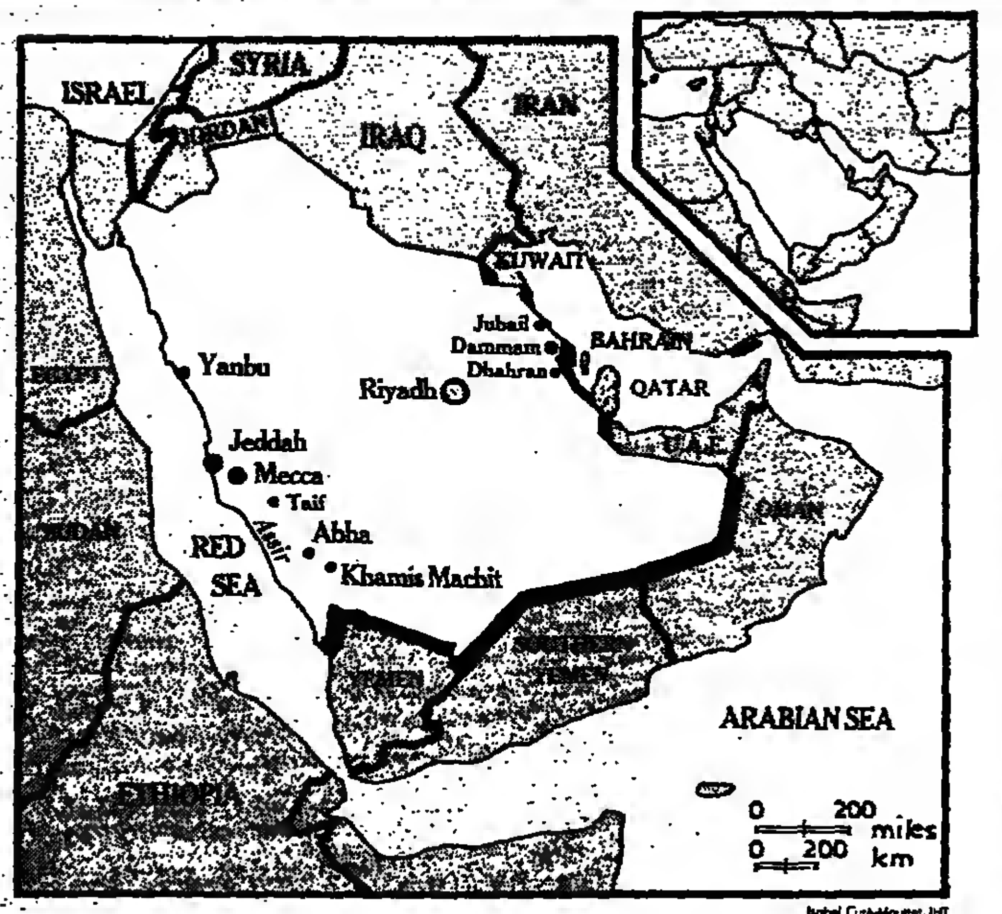

Isabel Curb-Mouner IHT

Development Aid Channeled To Kingdom's Remoter Areas

ABHA — Saudi Arabia, in contrast to many other developing countries, is extending its development drive outside the main centers and pumping funds into peripheral areas such as this regional capital in Assir, the kingdom's mountainous southwest corner.

Businessmen — both Saudi Arabian and foreign — are finding it profitable to explore the emerging markets for local projects, services and goods in Abha and other key provincial cities.

Despite the overall slowdown in national development spending, Assir is maintaining its planning momentum for more hospitals and schools, more roads and hotels, more farms and factories.

Construction is booming in this province of scattered settlements, which used to live meagerly off farming on small terraces carved out of the steep mountain. Nearing completion are 40 dams and six hospitals — and untold amounts of public and private housing.

This basic infrastructure has provided economic impetus for farming communities scattered across the rugged terrain in Assir — the Arabic term for "difficult terrain." Meanwhile, in this tidily landscaped town of 65,000, plans are set for modern urban utilities, including desalted water from the Red Sea 2,000 feet below, an industrial estate for 400 factories and an extensive training program to provide manpower for private-sector entrepreneurs.

Military spending is also being sustained in strategic corners of the kingdom such as Assir, which borders Yemen. Near Abha, the town of Khamis Machit, with a population of 80,000, lives off a big new air force and army base.

Although military spending is a sector that could be quietly stretched out in a budget squeeze, regional expenditure is unlikely to be cut significantly. Provincial projects are smaller than their prestigious counterparts in the corridor of cities crossing the country from Dammam through Riyadh to Jeddah. In addition, local spending has an important political role in preventing population drift to the cities out of the countryside, where traditional families provide a backbone of social stability.

The shift in spending emphasis was slow to get explicit official acknowledgement — a silence typical of Saudi Arabia. But the current five-year plan contains numerous provincial projects and, in practice, even more have started than were originally authorized.

This new stress has just been confirmed by the disclosure that the kingdom's first regional plan has just been completed. Working under Assir's energetic governor, Prince Khaled al-Faisal, 42, a son of the late King Faisal, local officials and planners from the Ministry of Planning drew up a 15-volume blueprint for the future of Assir. The plan has been submitted to the Council of Ministers, officials said. If approved, it will become a building block for the fourth five-year plan now in preparation, and similar plans will be prepared for other regions, they said.

The priority given Assir in the planning is due to the region's special circumstances. While most of Saudi Arabia is desert terrain with widely spaced cities, Assir's high mountains and thinly scattered population present unique development problems. Some families live in isolated upland hamlets, others on a sweltering sea-level plain along the Red Sea. In recent

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'Austerity' Period Leaves Stronger Economic Base

By Alan Mackie

RIYADH — Saudi Arabia has come through the financial turbulence of the last 18 months remarkably unscathed and with strengthened confidence in its ability to handle the approaching, perhaps lengthy, period of relative austerity.

It has been the most difficult year for the country's financial managers in the decade since the 1974 oil boom transformed Saudi Arabia's economic fortunes. The crisis in oil revenue is so severe that, for the first time, the problems of the world economy have impinged on the domestic economy's phenomenal growth.

Still, retrenchment has produced some salutary changes in the kingdom's economic climate, intensified the process of Saudiization and brought into sharper focus the need to diversify out of oil.

The way private business activity has held up has been an encouraging sign that local business is taking root. Where gross domestic product fell 17.2 percent last year and is expected to drop another 5 percent this year to $121 billion, private-sector activity — all of it nonoil (although some of it is oil-related) and now amounting to about half of gross domestic product — has managed to keep growing, albeit more slowly. This year, the anticipated increase is only 7 percent, against 12 percent last year. Even though the oil slump has not fully reached the private sector, the overall performance has surprised many experts in the kingdom.

Diversification is taking many forms. The construction industry, an early casualty of the oil slump after being the vehicle of nonoil GDP growth for a decade, is restructuring and phasing down, now that the main infrastructure projects have been completed.

Government development funds promote industry and agriculture, which continue to prosper. Mineral prospecting is also encouraged as part of diversification.

Most importantly, the industrial centers at Jubail and Yanbu are beginning to come on stream, providing the country with a petrochemicals base that represents the most concerted attempt to develop resources other than crude oil.

When Saudi officials tried to formulate the budget for the current fiscal year last April, all of the parameters on which they had made their previous budget calculations had changed. The Organization of Petroleum Exporting Countries had backed away from an open price war by agreeing in March to a total production ceiling of 17.5 million barrels a day and a $29-a-barrel price for Saudi marker crude. There was no certainty that the agreement would hold, and Saudi export production was languishing in March at 3.8 million barrels a day. (Saudi Arabia pumps an estimated 200,000 barrels a day of its own oil for Iraq, but Saudi Arabia insists that this should be counted toward the OPEC ceiling for Iraq.)

After much thought, the government took the unprecedented precaution of allowing for a budget deficit of 35 billion riyals. Events have proved the decision correct. Although oil production has improved, reaching 5.8 million barrels a day in November, average production this year will remain less than 4.8 million barrels a day. Saudi income from investments and other sources will be 55 billion riyals short of the 225 billion riyals budgeted.

As oil production plunged in the first and second quarters, all nonessential expenditure stopped. Many contracts were canceled, others postponed, and yet others renegotiated under new regulations requiring all government contracts to go out to open tender. The overall effect of the measures was to lengthen the time between commissioning projects and payments.

To keep within budget targets, the government also adopted a policy of releasing funds only once the oil revenues had been collected. This meant that early this year, when oil production was at its lowest, virtually no money was disbursed. Payment delays lengthened to 90 to 120 days, raising the specter of bankruptcies. Some analysts warned that, if the squeeze were maintained to the beginning of next year, with the start of the new financial year and the hajj season, it would be early autumn before the government could start pumping funds into the economy again. By then, the financial crisis for much of the private sector could have become acute. The authorities appear to have heeded the warnings, for funds are again being disbursed.

Two factors made the government relent. First, the freeze on payments in the first quarter was so stringent that spending for the year will be slashed more deeply than the fall in revenues. Spending, budgeted at 260 billion riyals, now will be 200 billion riyals and leave a deficit of 30 billion riyals.

The main reason the government is able to relax

(Continued on Page 11)

Leaner Times Stimulating Private Sector

RIYADH — Change is sweeping through the Saudi private sector as it responds to the new climate of relative austerity.

With the rich earnings from trade and the construction boom a thing of the past, Saudi entrepreneurs are looking elsewhere.

The traditional way into Saudi business has been to obtain a good agency and build up interests and capital on the strength of it. The old established trading houses have become international organizations.

Olayan, for instance, has a 5-percent stake in Chase Manhattan Bank, a 4-percent stake in Occidental Petroleum and part of the Hong Kong trading house Jardine Mathiesson. Others, like Redec and Binladen, have made their name in construction. The Juffalis, on the strength of their Mercedes agency, are assembling Mercedes trucks. Newcomers, like Sharbatly and Jamjoom, have established themselves in cold stores and imports of electrical goods.

With the trading agencies becoming fragmented and margins squeezed to the bone by the economic slowdown, Saudi entrepreneurs are looking for less demanding and more secure homes for their capital and are more disposed now to look at longer term investment in the kingdom.

Agriculture, because of the massive wheat subsidy, is a popular investment, but industry is also attracting increasing interest. There are now others, too, who are bypassing the traditional route through trade and going directly into manufacturing.

A good gauge of industrial activity is the Saudi Industrial Development Fund. One of its principal functions is to provide interest-free loans to the private sector for industrial projects. Even though the fund is becoming far more selective in its lending — it no longer supports building materials, dairy products and aluminum frame manufacturing because the markets are saturated — the fiscal year to last April was

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International Herald Tribune
Published With The New York Times and The Washington Post

Now to Help Alfonsin

Democracy has returned with the inauguration of Raúl Alfonsin as president. The generals had long ago outlived, and unforgivably abused, the anti-terrorist purpose for which they seized power. Severe difficulties lie ahead of the elected leadership, but it will have the advantage of being able to ask sacrifices from people who elected it to do exactly that.

Other countries have their roles to play, not least the United States. The Reagan administration has already managed one aspect of Argentina's transition smoothly by waiting until Dec. 10 to end the six-year human rights ban on arms sales and aid. There was a case for taking this step on the generals' watch so as to signal to the hemisphere that the United States rewards military governments that reform. But there was a better case for waiting until an elected government's watch began.

The relationship between politicians and the military in Argentina will continue to be extremely sensitive. The military pushed the country toward heavier military spending and faster and more open progress toward a nuclear bomb-making capability. It will be necessary, but not easy, for the civilians to edge back from those unwise commitments.

Here Britain has a special responsibility. For the 17 years before Argentina grabbed the Falklands, Britain had been negotiating desultorily, and without evident interest in a solution, over their sovereignty. Once Argentina made its move, the British took the issue off the table. They have refused to put it back, citing Argentina's refusal to stipulate formally a cessation of hostilities. Meanwhile they claim that the handful of British settlers on the Falklands deserve self-determination.

One understands that the Thatcher government, which paid heavily to regain the Falklands and continues to pay heavily to garrison them, feels that its pride is engaged. But the guilty party — the Argentine government that invaded — has now yielded power. The new leadership in Buenos Aires is plainly dedicated to peaceable means in pressing its 150-year-old claim to the "Malvinas."

— THE WASHINGTON POST.

A great country, blessed with human and natural riches, has returned to the democratic fold after eight ruinous years of military dictatorships. But credit the departing generals with a sense of drama. They chose to have the elected president, Raúl Alfonsin, inaugurated on Dec. 10 — Human Rights Day. Alas, this symbolism escaped the Reagan administration. Its inaugural gift to a democratic civilian government was the end of America's arms embargo, which Mr. Alfonsin did not request. A better gift would have been a belated confession that Jimmy Carter's human rights policy made a crucial difference in Argentina.

Principles are practical: they kept alive the promise now realized in Buenos Aires. There is no better witness than Mr. Alfonsin. When a junta resorted to terrorism in the name of battling terrorism, its "dirty war" claimed at least 6,000 lives. The press was mostly silenced. Among political leaders, only Mr. Alfonsin dared to join a human rights commission that protested the official barbarism.

The rampage reached its peak in 1976, the year in which the U.S. Congress for the first time tied human rights strings to U.S. military and economic aid. That was a risky and disputed attempt to harness principle to diplomacy. Would it work? As administered by President Carter in important cases, it plainly did.

According to Mr. Alfonsin, thousands were saved in Argentina because the United States openly expressed its concern. Patricia Derian, the State Department's first human rights monitor, encouraged the U.S. Embassy in Buenos Aires to become an information center for the families of the "disappeared." She was denounced as a meddler by the junta and its friends in the United States, but she and all America are remembered by the democrats who now govern as gallant allies.

Argentina's new dawn has its threatening clouds: $40 billion in foreign debt; an unresolved quarrel with Britain over the Falklands; a territorial dispute with Chile; a potential clash with entrenched Peronist trade union bosses, and a looming quarrel over prosecuting military officers for the "dirty war." But when Argentina and the United States speak the same democratic language, other problems seem manageable.

— THE NEW YORK TIMES.

Blacks Under Reagan

When American politicians, in the coming election year, ask people if they are better off than they were four years ago, relatively few black people will say yes. Should black voters blame Reagan administration policies for this generally unfavorable experience?

Administration spokesmen point out that blacks as well as whites have benefited from lower inflation and lower taxes. And the recovery has provided jobs for an additional 148,000 blacks — although 435,000 more are unemployed than when Ronald Reagan took office. If the economy continues on a healthy growth path, blacks can expect to share in the benefits as they did during the booming 1960s.

However, the administration's budget cuts — concentrated, as they were, on programs for the poor — hit especially heavily on black people simply because they are over-represented among that group. Similarly the tax cuts, 80 percent of which ended up in the pockets of families with incomes above $20,000 a year, did little for blacks, relatively few of whom are well-to-do. Cutbacks in jobs at all levels of government also hurt blacks disproportionately because so many, especially those in managerial or professional jobs, work for government or related organizations.

An Urban Institute study by economists Frank Levy and Richard Michel finds confirmation for both views. Looking at family purchasing power since 1960 — adjusted for taxes, inflation and government aid — the authors find that larger societal trends are the dominant factors. Sensible economic policies help, but advances in technology, growth in world markets, outbreaks of war, raw material prices and so on determine the basic trend. The fact that the 1979-1984 period will produce almost no net income gain for the average family is more the result of the enormous oil shock at the end of 1979 than of anything the Reagan administration did or did not do.

But black families are not the average. When you put all the Reagan policies together — the income tax cuts that have been offset by payroll tax hikes for low-wage workers, the 17 percent decline in average welfare benefits and the cutoff of many kinds of help for the working poor — the study finds that black families of every type have lost more disposable income than white families in the last four years. Those losses are also harder to bear because black families start from a lower base. For black families to recover that lost ground, economic growth would have to favor them over whites. And that is not likely to happen.

— THE WASHINGTON POST.

Other Opinion

Stormy Days in the Atlantic

These are stormy days in the Atlantic. Wherever you look — defense and disarmament, fiscal and monetary policy, taxation, trade, farm policy or the Middle East — there are now sharp disagreements between the Americans and their allies on this side of the Atlantic. There is no sign, either, that these difficulties are likely to be tackled in the immediate future. The United States is already in the throes of an election campaign which will not be settled for another 12 months, and [the Reagan administration] will show a tender care for every domestic lobby in the interval.

However, even a re-elected administration, or a new one, would find the problems obstinate, for our underlying interests are increasingly divergent. The recent cooling of the old special relationship between Britain and the United States is only a small incident in this general drifting apart, but it may prove quite a healthy one. For it is a sharp reminder, as the prime minister has recognized, that our future is bound up with that of Europe, whether we squabble or agree.

— The Financial Times (London).

After a European Failure

The debacle in Athens has left Europe looking rather feeble. At a moment when a powerful third voice in the world is urgently needed, Europe has had to stammer its apologies and silently slink away. While the United States and Russia are trading the clichés of the cold war and building huge military machines, Europe is arguing over the price of milk. It is hardly the vital and challenging role in world affairs which the founders of the European Community envisaged 25 years ago.

— The Observer (London).

In fact, the problems have been there for some time. Even the impending end of the Community has been heard before.

— The New Straits Times (Kuala Lumpur).

FROM OUR DEC. 12 PAGES, 75 AND 50 YEARS AGO

1908: Panama Canal Costs Going Up

WASHINGTON — "Engineering and Contracting," a New York publication, forecasts the cost of the Panama Canal at $211,299,000, about 50 percent more than the original estimate of $139,705,200. The article even goes so far as to say that should the cost of the locks, dams and breakwaters overrun the original estimate as other items, such as excavation, have done, the cost of the canal will practically equal the estimated cost of the sea-level canal, which was $247,000,000. The article says in part: "The newly-elected President can begin his administration in no more auspicious manner than by reorganizing the construction administration of the Panama Canal."

1933: Roosevelt Appeals to Farmers

CHICAGO — Asking for co-operation in his program for "controlled agriculture," President Roosevelt has sent a message to the American Farm Bureau Federation in which he declared: "We seem to be on our way, but we are not yet out of the woods ... Members of the farm bureau know that maladjustment of supply and demand was years in the making and cannot be corrected overnight. Nevertheless the complexion of the agricultural outlook has changed. Money is getting into the hands of the people who need it. It is coming from Government checks to those willing to co-operate — producers willing to swap the hazardous present for a stable future."

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A German Position: Yes to Defense, No to Pershings

By Rudolf Augstein

The writer is publisher of the newsmagazine Der Spiegel.

HAMBURG — Anyone living here would have trouble finding a preoccupation with reunification. In the unlikely event that Moscow permitted the reunification of West and East Germany, Germans would undoubtedly leap at the chance. But it is not something Germans worry much about, because they know that the Soviet Union could not now afford it. What worries us today is not whether the two surviving parts of Bismarck's Reich continue to be divided but whether they will continue to survive.

Traditional NATO doctrine is being visibly abandoned by Caspar W. Weinberger's Pentagon.

The original purpose of the alliance was to deter attack upon the countries of Europe not occupied by the Soviet Union. Within that defensive framework, nuclear weapons have had a strictly limited significance. NATO's guiding concept was one of "crisis management," of containing any emerging conflict in order to keep it from spreading geographically as well as from escalating to the nuclear level.

But the Pentagon no longer seems content with this. Judging by various public comments in the last few years, the West's defensive strategy in NATO, the Middle East and Korea must extend beyond the simple denial of victory to the other side to a recognizable (although perhaps limited) victory for the defender.

NATO's founding principles have been subverted ever since hard-liners began to dominate American strategic thinking after the fall of the shah in Iran in 1979. Instead of "conflict containment" we now have "horizontal escalation" — the notion of striking "the enemy" not just at the initial point of conflict but in other areas and with weapons chosen by the United States.

To quote from the secretary of defense's report to the U.S. Congress for fiscal 1983: "Our counteroffensive ... should be launched against territory or assets that are of an importance to the enemy comparable to the ones he is attacking." Poland is mentioned as one of the "vulnerabilities on the Soviet side" that "our plans for counteroffensive in war can take account of."

For the two Germanys, the implications of all this are lethal. What is this "war-widening" strategy supposed to mean if not the option — and, for us, the nightmare — of NATO mobilization and the opening of a second or third front against the Soviet Union right here in Central Europe in the event of a superpower conflict anywhere between Kamchatka and Beirut?

Does it not at the very least imply that America is willing to roll out its Pershing and cruise missiles and threaten the Russians with limited nuclear strikes whenever Washington feels that its "vital interests" are endangered anywhere on the globe by Moscow or its "surrogates"?

The Reagan administration's obvious intention to use these weapons not just for the defense of Europe but also for its global policy of strength is the overriding reason why we are dismayed by the deployment of Pershing nuclear missiles in West Germany, and why we perversely insist on worrying more about the weapons sent here at great expense by our American friends "to protect" us than we do about the annihilating monsters aimed at us by the "evil empire."

In a strictly European context, the new U.S. missiles make little military sense. Their only discernible peacetime impact is the political havoc they are causing in the alliance. Even in peacetime, let alone in a crisis, such nuclear hardware is self-damaging and suicidal.

So I don't want it on our soil even though I am a friend of America — or at least feel like one.

I want my country to be part of an honestly defensive alliance: I don't want it to be a mindless computer component — to say "hostage" or "pawn" is putting it mildly — in a global game of threat and counterthreat played according to the macho rules of a Pentagon that is clearly running out of control.

No one among us older people in Germany has forgotten or would ever doubt that he or she was truly liberated by the Americans at the end of World War II. When Robinson Crusoe saved Friday from the cannibals, Friday became Crusoe's property to use or dispose of as the white man saw fit. But even though most of our politicians still act like so many Fridays in their subservience to America, Friday's fate cannot forever be the fate of this nation liberated from the horrors of Hitler.

Not for very much longer can the Federal Republic — mainly because of West Berlin's vulnerability — remain the only civilized country to which national instincts and interests are denied. Britain indulges them in the Falklands. France does so with its independent (and destabilizing) nuclear force.

I wish to emphasize that if the Soviet Union, contrary to every expectation, offered authentic unification of the two German states — and not merely a loose confederation — we West Germans, like the Germans of the German Democratic Republic, would respond to our submerged national impulse. The problem, meanwhile, is to survive until we get to that point.

The two German states have a common interest not to be incinerated on the sacrificial altar of the superpowers. Both are aware that the superpowers would, if worse came to worst in a confrontation, instinctively try to use German soil as their battlefield, rather than involve their own homelands more than marginally. And that cannot be in our interest.

The New York Times.

A Case for De-Americanizing European Defense

By Melvyn B. Krauss

NEW YORK — Imagine that instead of American missiles, similar missiles belonging to an integrated West European defense force were about to be installed in Europe. Imagine that the Europeans paid the full cost. And imagine that there were no American military bases or troops in Western Europe, so that any peace demonstrations would be taking place at European rather than American installations.

Such a de-Americanization of European defense would be better for Western security — better for Europe and for America — than the existing arrangement under which America subsidizes and controls European capabilities.

The Americanization of European defense has led to a dangerous "new pacifism" and "new neutralism" in Western Europe.

The European allies hide their true preference for defense — and Washington picks up most of the bill. Note carefully how this free-ride strategy works. It is not that America must pay for European defense because the Europeans won't pay, as many American hawks argue. Rather it is that the Europeans simply don't have to pay because America stands ready to pay for them.

The more hawkish the U.S. administration, the more serious the free-rider problem. European "pacifism" has soared under Ronald Reagan. Under Jimmy Carter, European defense spending, measured as a percentage of GNP, increased faster than America's did.

For every step America takes forward, the Europeans take one step back. This dynamic threatens to undermine nuclear deterrence and the defense of the West. To escape it we must de-Americanize European defense.

The first step in the process is to withdraw American troops from Western Europe. Those troops now serve as hostages to ensure an American nuclear response in case the Russians make a move in, say, Berlin.

The conventional wisdom holds that the troops are a sign of American credibility to defend Europe. In fact they reflect a profound European skepticism about the American nuclear umbrella. Why else would the Europeans require a deposit of American lives? And if the U.S. deterrent is suspect to the Europeans, how credible can it seem to the Kremlin?

European doubts are reinforced by growing American doubts about whether Europe would be worth fighting a nuclear war over. Recent peace demonstrations by European youth, although at odds with official European policy, are very discomforting to American public opinion. The Europeans' adamant refusal to give up on détente indicates to many that Americans and Europeans march to different drummers. The fact that many in Europe equate the American invasion to liberate Grenada with the Soviet invasion to subjugate Afghanistan implies that Europeans don't know who the real enemy is.

Far more credible to Moscow than the American nuclear umbrella would be for Europe to have its own nuclear deterrent. The obvious problems raised by a nuclear West Germany could be circumvented by the establishment of a West European defense force — so that, instead of a single finger, there would a single hand, with five fingers, on the crucial red button. Surely a European nuclear deterrent would frighten the Kremlin more than an American one that might or might not be used to defend Europe.

The Europeans can afford an independent defense force. American subsidies for their defense were appropriate when they were too poor to defend themselves. That time is past.

De-Americanization would end the seesaw relationship between American and European defense efforts. It would reduce tensions in the alliance. And it would give the Europeans more of a financial stake in the East-West struggle; as a result, they would be less likely to follow détente policies such as subsidized trade and credit that increase Soviet strength.

The writer is professor of economics at New York University and a senior fellow at the Hoover Institution on War, Revolution and Peace. He contributed this comment to The New York Times.

If America Has Interests in Lebanon, Then What of the Syrians Next Door?

By Milton Viorst

DAMASCUS — Much has gone wrong with American efforts in the past few months to bring stability to the Middle East, and increasingly the Reagan administration has found one party to blame: Syria.

Incriminated for the massacre of American marines in October, bombed for firing on American reconnaissance aircraft on Dec. 4, the Syrians have become a convenient scapegoat for a Middle East policy that has proved consistently futile.

President Reagan depicts the Syrians as hardheaded, warlike, power-hungry. He has called them the principal obstacle to peace in Lebanon, where he says America has vital interests. He seems to dismiss the possibility that the Syrians, who live next to Lebanon, have vital interests there.

To be sure, the issue critical to the Syrian view of the United States is Israel, the traditional enemy that Syrians see as an American client. As long as Washington remains Israel's chief military and political supporter, it will be hard for Damascus to be anything but hostile.

But the Reagan administration maintains that its aims in the Middle East are peace, and a viable nation in Lebanon. Syria claims to share those objectives. Its complaint is that Washington pursues them in complete disregard for Syrian concerns.

The Syrians deserve some of the blame if their interests are not understood. President Hafez al-Assad runs a tight-lipped and suspicious state. Officials in Damascus tend not to explain but to declaim self-righteously. Inherently insecure, the government is more comfortable resorting to power, sometimes quite brutally, than to using persuasion.

But a government that makes its case badly is not the same as a government that has no case at all.

A week ago, military confrontation between the United States and Syria reached such a point that a reporter asked President Reagan if the two countries were at war. The question suggests that it is time to inquire whether the Syrians are merely stubborn and irrational, as the Reagan administration says, or whether they have genuinely vital interests in areas that Washington has staked out.

It is often said of Syrians that they live in a dream rooted in the days when Damascus was capital of an empire that stretched to the Atlantic. It is said they suffer from delusions of grandeur and a hunger for power. But such atavistic visions explain only a little of Syrian policy today.

More relevant is Syria's conception of its neighbor, Lebanon. Mr. Reagan is partially correct in suggesting that Damascus seeks to dominate it. Lebanon, historically, was not an independent country at all but a part of Syria. Most Syrians contend that it was stolen away in the breakup of the Ottoman empire after World War I.

In 1976, after the outbreak of the Lebanese civil war, Syrian forces entered Lebanon with the proclaimed purpose of restoring peace. They entered at the invitation of the Lebanese government and with the endorsement of the Arab League, which paid the expenses of the occupation.

It was not a disinterested occupation. The Syrians were alarmed at the growing prospect of a power vacuum in Lebanon, which they considered an invitation to Israeli intervention. Syrians consider Lebanon an invasion corridor into their heartland.

For six years, despite heavy casualties, Syrian forces maintained a relatively even hand among the Lebanese factions. They failed to resolve the issues of the civil war, but they kept the killing down. And they took no steps to annex Lebanese territory.

In the summer of 1982 Israel entered Lebanon to destroy the PLO, and in the fall President Reagan appeared on stage to demand that all "foreign" forces withdraw from the country. Damascus was outraged at this equation of Israel's invading army with the Syrian contingents that had been holding a lid on the civil war since 1976. Mr. Reagan did not take well to Syria's response.

Unlike Syria, Mr. Reagan had a program for Lebanon, which consisted of strengthening the Christian-dominated regime of President Amin Gemayel. Mr. Reagan argued that it would provide stability to the country, but the Syrians thought it would enhance the power of the very Christian faction that, for years, had been Israel's secret ally. Syria saw danger in a strong Gemayel regime cozily linked to Israel and America.

So Damascus turned to Moscow, its arms supplier for a quarter century. The Soviet-Syrian relationship has always been pragmatic, never warm. But Syria had learned it could count on Moscow to escalate deliveries after its defeats, and when Israel triumphed in Lebanon in 1982, Moscow responded with huge shipments of weapons and thousands of "advisers" to help man them.

On Dec. 4, in the course of the bombing raid, Syria's new antiaircraft missiles brought down two American planes. It was a victory not only for Syria but for Soviet arms. But it provided President Reagan with evidence that in challenging Syria he was defending the free world.

Meanwhile, the Syrian government had embarked on a campaign against the PLO, which left most Arabs angry and most Westerners bewildered. Until the summer of 1982 the PLO had been Syria's teammate in the ongoing Israeli wars. Abruptly it became an antagonist that Syria was determined to master.

Why the switch?

The explanation lies, once again, in Lebanon, Syria's vulnerable western flank. As long as its forces were intact, a PLO buffer against the Israeli army was useful. But once the PLO was defeated, its value changed dramatically. So Syria decided to re-examine the relationship.

In 1982 the PLO had been strong enough to provoke the Israelis but too weak to stop them. It was even weaker after the fighting was over, yet it continued to harass Israeli forces near Syrian lines, exacerbating Israeli-Syrian tensions. By default, the PLO had acquired powers over Syrian security that Damascus could no longer tolerate.

This is not to say Syria has ever renounced going to war against Israel. On the contrary, it expects to fight again, if not to the death, then — as Anwar Sadat fought in 1973 — for well-defined political objectives. But Syria would prefer to have its wars at a time and place of its choosing, not at the convenience of the PLO.

In recent weeks Syrian armed forces, acting both on their own and through the medium of Palestinian rebels cooperating with them, have decisively defeated Yasser Arafat's loyalists on the battlefield. Negotiations are under way for the withdrawal from Lebanon of the last of the contingents loyal to Mr. Arafat. On the military level, Syria has accomplished its mission. But that is by no means the end of the matter, because the PLO, as the Syrians see it, can still do them substantial damage diplomatically, and that has proved a more nettlesome problem.

This is the first of two articles adapted from The Washington Post.

Hafez al-Assad, by Szlokmann.

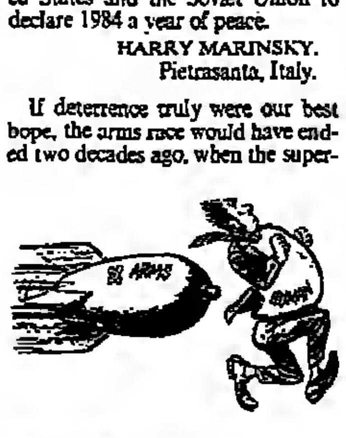
LETTERS TO THE EDITOR

Wishes for the New Year

President Reagan is quoted as saying *(IHT, Nov. 24)*, "Neither country wants nuclear war." It is a fact that despite their difficulties over many years, neither superpower has attacked the other. And now both have saved face: America by beginning deployment of Pershing and cruise missiles, and the Soviet Union by walking out of the arms talks. It would thus seem a logical time for the United States and the Soviet Union to declare 1984 a year of peace.

HARRY MARINSKY.
Pietrasanta, Italy.

If deterrence truly were our best hope, the arms race would have ended two decades ago, when the superpowers had enough weapons to destroy each other. The reality of policies based on deterrence is that the situation constantly grows worse.



Each year new weapons are deployed that are more destructive and dangerous than the ones they replace. Thus, deterrence becomes the tool with which humanity digs its grave.

What is desperately needed is to end the moral and political bankruptcy of current policies and to move to real disarmament with security. But there is slight chance for change under the present U.S. administration. The Reagan team has no vision of the future, only policies based on an anti-Soviet hysteria. It follows that Americans would be foolish to re-elect Ronald Reagan in 1984.

DOUGLAS MATTERN.
World Citizens Political Project.
San Francisco.

Question and Answer

Like H. Edward Baldwin *(Letters, Nov. 29)*, I, too, am confused about the differences between the Russian invasion of Afghanistan and the U.S. adventure in Grenada.

Well, sure, the Russians were not asked to intervene by Afghanistan's neighboring countries. And, I must admit, those same countries did not provide the Russians with fighting troops. I grant the fact that no Russian citizens were in a potentially dangerous situation. Granted, also, that more than 90 percent of the Grenadians welcomed the arrival of the American soldiers and view them as liberators, while the mujahidin enjoy the support of the vast majority of the local populace in combating the Russian intervention.

Let us overlook the continuous Russian bombardment of the civilian population, of whom tens or perhaps hundreds of thousands have sought refuge in Pakistan. It is additionally not worth mentioning that Cubans were taking part in the Grenadian decision-making processs, while there was no foreign presence (other than Russian) in the councils of the Afghan government. And of course one should not assume that there is a difference between 300,000 Russian troops in the fourth year in Afghanistan and 6,000 American soldiers being steadily withdrawn from Grenada five weeks after the invasion.

So please, would someone explain to me the differences between these two invasions? And while you're at it, kindly explain the difference between the invasion of Afghanistan and the 1944 Allied invasion of Normandy.

BRUCE R. PRUETT.
Kronberg, West Germany.

The answer is simple: The Russian invasion of Afghanistan extended the influence of a totalitarian system into a country that doesn't want it.

LEONE R. MENDENHALL.
Lucignano, Italy.

'Racist Perceptions'

Regarding "Film Tackles Controversy Over Missing U.S. GIs" (IHT, Nov. 26) by Debra Weiner:

Canadian director Ted Kotcheff remarks, speaking of the film "Uncommon Valor," that "the U.S. government might think it's an unpatriotic film, but actually it has a very American theme. In most countries they don't care what happens to fallen soldiers. But Americans don't abandon their buddies."

I agree that his film does have an American theme — racist perceptions of foreign cultures.

LEWIS A. SCHOENBRUN.
Madrid.

Growing Old With Bond

Sean Connery is totally, forgetfully but, I hope, not ungratefully wrong when Mary Blume *(IHT, Dec. 3)* quotes him as saying, "The Times and The Guardian liked 'Dr. No' and the popular press didn't." I haven't The Guardian to hand, but The Times of Oct. 5, 1962, said sniffily, "Perhaps Mr. Connery will, with practice, get the 'feel' of the part a little more surely than he does here."

At that period, The Times critic was anonymous. Not so in the "popular" Evening Standard, as it then was, which said, "In the person of Sean Connery, it is my prediction [that James Bond] will be around the screen for a long time to come." The critic was and, loyally growing old along with Bond, still is —

ALEXANDER WALKER.
London.

هكذا من الأصل

Period of Austerity Has Left Stronger Base for Economy

(Continued From Page 9)

slightly on spending, however, is the overall improvement in the oil market.

The $29-a-barrel marker price for Saudi Light has held more or less even. Although it is trading spot at a $1-a-barrel discount, pressures are mounting for further cuts, and some forecasters are predicting a 10-percent decline in the real value of oil. But the supply-and-demand equation for OPEC oil has stabilized and further retrenchment will be more manageable.

Consequently, the government appears to be more disposed to draw down judiciously on reserves rather than antagonize OPEC by exceeding its quota of 5 million barrels a day or harming the domestic economy by rigorously aligning expenditures with oil revenues.

The effect of the production slowdown on the balance of payments will be significantly cushioned by delayed and deferred payments. An estimated $5 billion of unpaid bills were carried over from the previous financial year to the current one, and that will have grown to $10 billion by the end of this year.

Given that Saudi Arabia's foreign-currency reserves amounted to an estimated $130 billion at the beginning of this fiscal year, they will still be comfortably above $100 billion at the end of it. In all probability, only two-thirds of these assets could be cashed in, but it still leaves a comfortable margin for most contingencies.

The oil glut and the world recession have not been entirely to Saudi Arabia's disadvantage. The strength of the dollar has offset a large part of the 15-percent fall in the oil price, increased the value of reserves and dampened imported inflation. Competition, cutting into fat margins, has done the rest by bringing inflation in the kingdom to practically zero. The cash shortage and overruns on cost and time have enabled the government to dictate its terms in renegotiating many contracts.

Nor has the shakeout done the economy any serious harm. The expatriates admittedly are the first victims of the retrenchment, being the first to lose their jobs. The full impact of the government's withholding finance, for instance, is passed straight down to the Asian contract worker who may not have been paid for three months and then has to decide whether he can afford to cut his losses. Many have the choice made for them. Saudi contractors are laying off their foreign labor in droves, and for the first time since the oil boom there could be a net outflow of foreign nationals this year.

In many instances, however, the Saudis have not been able to pass on the effects of the squeeze. One large trader said that sales of electronic and electrical equipment were 50 percent down from last year. The trading sector in general has taken an enormous buffeting. For the first time, imports are marginally down. But cement imports have risen 30 percent, reflecting the continued strength of housing financed by the government's Real Estate Development Fund. Similarly, the Saudi Industrial Development Fund had its second-busiest year last year, taking out 1.6 billion riyals in new commitments. The fund is mostly self-financed through repayments.

The credit squeeze also has had a beneficial effect on the banking sector. Recent measures — such as the instruction to banks to seek funding from local banks before going offshore in riyal syndications; the gradual implementation of a 1-percent withholding tax on offshore funds and, more importantly, the narrowing in the differential in the premium between domestic and Eurodollar rates — have checked the growth of offshore balances and reversed the flow slightly. The average cost of funds is increasing, forcing bankers to be more adventurous in lending. Equally, the private Saudi is losing his scruples about bank borrowing and is subjecting himself to the screening and documentation it entails.

Despite these achievements, only intermittent attention has been paid to the economy and its structur-

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Banking Training: An Understated Success

By Peter Theroux

RIYADH — The Saudi Arabian Monetary Agency's Banking Training Center remains one of the kingdom's few understated success.

The center — established in 1965 and moved to the capital in 1979 — is training young Saudi Arabians to administer and work in the nation's Saudiized banks.

Unlike showplace institutes where magnificent settings contrast with lackluster activity, the BTC's row of classrooms in a garden behind the modest administrative headquarters is intense and busy.

In the advanced foreign exchange class, 20 young men frequently interrupt their copious note-taking and their Egyptian instructor to ask questions about currency fluctuations. Next door, a Saudi instructor guides his charges through the world of sovereign lending.

Answering the instructors, the students display what they have learned. The terms flow smoothly in the mixed Arabic-English jargon of Saudi bankers: "*Awraq Tijarieh*. . . disequilibria. . .tranches. . .spreads. . *souk al-minakh*. . . . To one side are the English classrooms.

All the way at the end is the semi-detached computer building where Riyadh's computer experts impatiently tap out their formulas.

More than 2,000 students have earned diplomas in banking and io supplementary courses such as English and computing.

Generally regarded as superior to similar institutions elsewhere in the region, the center is open to other Gulf nationals as well as Saudis — provided they are already active in banking.

It offers courses on 28 subjects lasting from two weeks to two years.

"We make no distinction between employees from SAMA or those from commercial banks," said Soliman M. Momenah, the center's director.

He reports directly to Sheikh Hamad Al-Sayari, acting head and vice-governor of SAMA.

Mr. Momenah attibutes much of the center's growth to Sheikh Sayari's personal attention.

Enrollment is climbing. Nearly half of the center's graduates have attended within the last three years. This corresponds to the increased Saudi staff of Saudi Arabia's banks, mainly the Riyad Bank and the National Commercial Bank.

Joseph Fachett

Mahsoun B. Jalal

Jalal: The Thinking Behind National Industrial Planning

RIYADH — The National Iodustrialization Company (NIC), a joint-stock company in the process of formation, will be an important vehicle for industrial diversification in Saudi Arabia. Its founder, Mahsoun B. Jalal, 52, an economist who has worked in the Saudi Development Fund at the IMF, personifies the sophisticated thinking behind NIC. When he returned from Washington in 1981, after having served as the kingdom's director at the International Monetary Fund, be looked around to see how he might put his talents and his considerable experience at the service of his country.

He had long believed that Saudi Arabia's economic salvation lay in industrial development, with the country's cheap and ample energy and capital and raw materials. When the Saudi Arabian Basic Industries Corp. (SABIC) was first talked about in the early 1970s, Mr. Jalal had oursed the idea of setting up a private-sector equivalent. But the time was oot right then. There was oo infrastructure and none of the basic industries on which to build a thriving private sector. On his return in 1981 he found the situation totally changed. The nation's infrastructure was largely complete; Jubail and Yanbu petrochemical complexes — once only a figment of planners' imaginations — had materialized; the nexus of about 1,000 to 1,200 operating companies existed.

Industrial production amounted to about 20 billion riyals or 7 to 8 percent of the national income, and the country was beginning to export — 1 billion riyals worth of goods went to Iraq last year.

Most significantly, there had been an explosive expansion in the size of the market, not only in the terms of the number of people in it but also the amounts they had to spend. Saudi Arabia's position between three regional markets could now be used to promote employment and foreign exchange by generating exports. "We were thinking of industrial development as an alternative to oil in 20 to 30 years from oow and trying to sell the idea that this was the option for the future — not agriculture," Mr. Jalal said.

Thus, the National Industrializatioo Company was born, to bring together capital and multidisciplined expertise to direct industrial development with public participation. The public will be offered 60 percent of the 600 million-riyal capital. The remaining 40 percent will be held by founders, a mix of individuals and institutions — three local banks, Riyad Bank, National Commercial Bank and the Saudi Investment Banking Corp., will have 6 percent of the equity. SABIC, the public investment fund, and GOSI, the state pension fund, another 14 percent, and the remaining 20 percent is to be held by individuals. The original intention had been to limit the number of individual founders to about 60 but the demand was so great that it was increased to 118.

SABIC will operate as a holdiog company with three distinct functions: to act as an investment company taking stakes in industrial ventures; to manage joint ventures in which it and a foreign partner will each have 30-percent stakes and the public the remainder, and to promote and run services-related industries.

Given the severe constraints being put on the development of a stock market, Mr. Jalal's novel way of fusing public capital with technical expertise in developing Saudi Arabia's industrial base could be a pointer to the future.

— ALAN MACKIE

SABIC Sale Will Provide Signs Of Attitude on Privatization

RIYADH — On Jan. 4, Saudi Arabia's flagship industrial enterprise, the Saudi Arabian Basic Industries Corp. (SABIC), will be offering 20 percent of its shares to the public.

Interest in the offering is acute, not only because it is the largest ever made — it is the first tranche of a sale that will divest the government of 75 percent of its 10-billion-riyal ($2.87-billion) investment in the corporation — but also because it will largely determine the pace at which the government will privatize other government-owned corporations and utilities. Saudi Arabia has effectively decided to move toward minimum public-sector ownership in a mixed economy.

It is a key plank of government policy, also, that Saudi citizens "own a bit of their country" by holding shares. A great deal of effort, therefore, is going to ensure that the SABIC share issue is a success.

The good news of the impending sale is spread to the farthest corners of the kingdom by specially hired vans. Nevertheless, there is a good deal of secrecy and coofusion as to how the sale is to go through. Five local banks will be handling the applications and the offer could be held open until the end of the month to collect the maximum number of applications — one-tenth of the shares are being offered to nationals of the Gulf Cooperation Council — and only then will the shares be alloted.

Interest will center on how far the punters will prevail against the countervailing dampening effect of the tranche's size and the increasing tighness of credit in pumping up the premium. Punters have become a potent force in the new-issues market, usually by nefarious means, even though the government has tried to stem speculation by banning share traders. When the applications for new issues of United Saudi Commercial Bank shares were counted earlier this year, 18,500 applications were found to have come from the same address. Traditionally, new issues are heavily oversubscribed. Bank shares are the most popular, attracting applications as much as 16 times the number of shares on offer. The ability of the Saudi public to find ready cash to invest in shares flotations has continued unabated; most of the six new issues this year have been a roaring success. The Saudi Livestock Co., for instance, was four times oversubscribed. However, the squeeze on government spending is affecting the private sector, and the most recent share sale by the Saudi National Shipping Co. failed to place all the shares.

This is unlikely to happen with the SABIC issue. Unlike other large government projects, mostly in the infrastructural field, the creation of SABIC was a conscious decision to direct $20 billion of the country's resources into creating a totally new industry, which in its own way will form an infrastructural base for downstream private-sector ventures. The Saudi leadership will consequently be looking to a good public response as a vote of confidence in its industrialization policy.

It is not the government's intention to cut itself loose from SABIC completely. It intends to retain effective control through its remaining 25-percent stake, and SABIC will retain a 50-percent shareholding in each of the eight basic industries joint ventures that provide the feedstocks for the Jubail and Yanbu industrial complexes.

Reflecting its growing confidence, SABIC is taking a larger stake in the second generation of joint ventures that are now being set up. The determining factors for foreign-partner share are the need for market access and the level of technology transfer. In the case of the polyvinyl chloride/vinyl chloride monomer (PVC/VCM) plant being built with Korea's Lucky Development Corp. and the MTBE plant being built with Neste Oy of Finland, Agip and Apicorp there is no marketing requirement since the plants serve downstream industries or the local market. Here SABIC is taking at least a 70-percent stake. Similarly, SABIC is taking a 70-percent stake in a joint venture with four local gas companies. No foreign partner is needed because the plant incorporates "off-the-shelf" technology. The industrial gas company will produce nitrogen and oxygen for the basic industries. SABIC will be selling off some of its share stake to the public when the plants become operational.

The public's response could well determine the rate at which the government divests itself of other large government utilities and corporations. It has already successfully sold off a number of government companies and utilities such as the Saudi Arabian Public Transport Co. and some regional electricity companies. However, the big ones are to come. Chief among these is the privatization of the state oil and mineral organization, Petromin, and the oil company Aramco, although no dates have been set.

The government also has plans to shed the Saline Water Conversion Corp., the Natiooal Agricultural Development Co. and, further ahead, the recently formed Telephone Corp. in 1985. The experience with the first tranche could also determine whether SABIC meets its target of selling off 75 percent of its shares in 1985.

— ALAN MACKIE

Private Sector Meets Challenge

(Continued From Page 9)

the second busiest ever, with commitments rising from 1.3 billion Saudi riyals ($373 million) to 1.6 billion riyals ($460 million). The loans are getting larger and the projects more complex.

"In the early days we were talking about block plants and plastic bag factories," an official said. "Now they tend to be complex chemical and engineering projects." Interest is also shifting into intermediate goods. The development fund has also had enquiries about downstream petrochemical projects at Jubail. However, in the main the private sector is waiting to see how the Saudi Arabian Basic Industry Corp. manages its production and marketing before taking the plunge.

Another significant trend is the increasing profitability of ventures backed by the development fund. In the three years to fiscal 1982-1983 their turnover increased 60 percent to 23 billion riyals ($6.6 billion) while profits as a percentage of turnover improved from 10 to 14 percent.

Not all industrial ventures pass through the fund's hands. The kingdom's total installed industrial capacity is around 20 billion riyals ($5.7 billion), of which risk capital accounts for around 8 billion to 9 billion riyals ($2.3 billion to $2.6 billion). Some with ready

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SAUDI ARABIA

Power Grows in World Financial Markets

By Richard P. Mattione

WASHINGTON — The oil-price shocks of the last decade brought Saudi Arabia a larger role not only in world energy markets but also in world financial markets. At the same time this expanded role has kept the spotlight on Saudi financial moves and on the Saudi Arabian Monetary Agency (SAMA), which manages most of the government's foreign assets.

Saudi Arabia had a cumulative current-account surplus from 1974 to 1982 of $160 billion to $170 billion, including government and private-sector claims. SAMA itself held close to $130 billion in mid-1982, although this figure may include some investments decided by other parts of the government and only administered by SAMA. The Saudi Fund for Development has been another public-sector agency with sizable foreign "assets"; it had already disbursed almost $4 billion by the end of 1982.

Private-sector funds are also substantial, even if their size is small when compared to SAMA's holdings. Commercial banks held $15 billion to $16 billion in gross foreign assets in 1982, although their net position was much smaller. Other private sources, including several Saudis reputed to be among the world's richest individuals, probably account for another $10 billion to $12 billion of overseas investments. While private investors have also been involved in a number of interesting transactions, the rest of this article will focus on government investments.

Oil policy and development policy provide the basic economic framework within which Saudi investment decisions are made. The pivotal role of Saudi Arabia in world oil markets imposes a severe constraint on Saudi financial decisions. This has led to variations in production, which led in turn to even greater variations in the value of oil revenues and current-account surpluses. Development factors are also important. Though often characterized as a low absorber of revenues, both expenditures and the growth rate of spending have been quite high since the first oil-price shock.

Oil and development policies influence financial decisions in many ways. The direct effects are clearest: Any surplus of revenues over expenditures must be invested, and any deficit must be covered by drawing on the interest or principal from the financial reserves. Indirect effects stem from the need to structure Saudi reserves so that they are available for future needs. These effects can be sizable. The budget deficit in fiscal 1983-84 may be as high as $20 billion; yet in previous years budget surpluses have exceeded $30 billion.

Traditional financial variables, such as risk and rate of return, operate within these economic bounds and any other bounds dictated by political considerations. The most important result has been a heavy emphasis on the liquidity and safety of investments. Once these two financial criteria had "screened" an investment, it was then possible to weigh considerations of diversification and rate of return.

SAMA first faced the serious problem of what to do with such surplus funds when oil revenues soared following the 1973 price increase. Gearing up for new development spending would take time, so the only short-term options concerned how to manage the funds. The Saudis initially followed very conservative procedures in the management of the funds, relying mostly on short-term dollar and Eurodollar claims in early 1974. These choices were reinforced by the limited availability of short-term claims in other currencies. Later, in 1974, SAMA began buying U.S. Treasury bills, certificates, and medium-term bonds. Eventually, SAMA began accepting private placements of medium-term bonds from U.S. corporations, such as AT&T, IBM, U.S. Steel and various oil companies. SAMA has also purchased small amounts of U.S. equities.

Saudi Arabia seems consistently to have placed a greater emphasis on U.S.-based and dollar-denominated investments than other OPEC producers. This led to frequent predictions of a Saudi move away from the dollar, especially when the dollar was weak in the late 1970s. Finally, beginning in 1980, SAMA made several large and highly publicized nondollar investments. It must be emphasized, however, that the Saudis continue to use the dollar for perhaps 70 percent of their investments.

One set of moves was into German government securities denominated in marks. Saudi Arabia extended 5.5 billion Deutsche marks (about $2.7 billion at the time) of credits to the German government in both 1980 and 1981, and made smaller loans in 1982. Yet this shift was as much due to a change in German attitudes as to a change in Saudi investment preferences. Prior to 1980 Germany limited access of foreigners to claims denominated in marks, but official attitudes changed rapidly once the impact of the second oil shock on the German economy became clear. And the Saudis made the loans for rather unsurprising reasons: both Germany and the mark appeared to be safe investments, the chance to make medium-term government-to-government loans meshed well with SAMA's view of appropriate claims, and massive flows of funds into SAMA in 1980 and 1981 forced a diversification outside of dollar securities.

The Saudi interest in Japanese securities was perhaps more sudden. Although Saudi Arabia had made a $1-billion loan to Japan in 1974, it was not particularly involved in yen securities until 1980. The evolving Saudi interest in Japan was motivated by Japan's obvious economic successes. But it was not until the second oil shock that Japan was forced to open up to Saudi investments. The Saudis then focused on yen deposits and medium-term government securities; they hold about $3 billion to $5 billion of deposits and up to $10 billion of government bonds. SAMA has also purchased corporate bonds and allocated $1 billion for the purchase of Japanese equities.

SAMA's substantial loans to the IMF meet the same conditions of safety, liquidity and rate of return. They also contribute to the security of the international financial system on which Saudi Arabia depends.

No shift in the basic criteria guiding Saudi financial policy (safety, liquidity and rate of return) should be necessary during the current oil glut. It will be necessary, however, for Saudi Arabia to control spending during this period. SAMA is unlikely to try new sorts of investments, although it is conceivable that other agencies might eventually invest in foreign marketing and distribution channels for the products of the new petrochemical plants. If spending is controlled, and if oil prices do not fall too much from current levels, the country should be able to cover its budget deficits with the interest income and some liquidation of principal from its substantial financial reserves.

Richard P. Mattione is a research associate of the Brookings Institution in Washington. His book, "OPEC's Investments and the International Financial System," will be available next spring.

Joint Ventures Rise As Markets Expand

JEDDAH — Manufacturing in Saudi Arabia? Until a few years ago, any suggestion of industrial plants other than oil-related projects in the desert kingdom would have raised a polite smile from businessmen, especially foreign executives.

Times are changing, and many shrewd foreign corporations — particularly medium-size companies that can profit from a small but lucrative market — are taking a second look at Saudi Arabia's manufacturing potential.

Already, Sherman-Williams is producing paint in the industrial park in this port city. Aiming at the booming agricultural market, irrigation pumps are being manufactured by the Memphis-based company Layne and Bowler.

All these plants are joint ventures between Western manufacturers and local entrepreneurs — a business approach that is still comparatively new in the kingdom. Now, according to Western embassies, these joint ventures with smaller companies have become a hot opportunity.

For Saudi Arabia, such joint ventures offer local production, technology transfer and — perhaps most important of all — a kind of commitment to the kingdom that increasingly is being demanded of foreign companies. For the foreign partner, a joint venture affords access to Saudi Arabia's cheap financing and growing market. Many companies that have traditionally exported to Saudi Arabia may find they need a local plant in order to avoid being supplanted by a competitor who eventually puts up a plant and then benefits from Saudi measures to protect local infant industry.

"Joint ventures in Saudi Arabia are not a new idea, but they received impetus this year at a Dhahran conference between Saudi businessmen and government officials in which the government used the forum to urge the well-aided private sector to take a more responsible role in shifting from mere trading to industrial and agricultural investment," a recent U.S. government report on business conditions in the kingdom said.

"American companies interested in industrial development," a U.S. government report said, "should be aware of a new Saudi emphasis on joint-venture industrial projects bringing together medium-size foreign and Saudi companies."

Interest in joint ventures marks a new sophistication in Saudi Arabia's developing commercial climate. Saudi businessmen operated at first in the oil-boom economy as agents importing goods or peddling influence, then as sponsors providing local entry for multinational corporations seeking contracts in the kingdom. This initial approach — which remains a lucrative feature of doing business in Saudi Arabia — was natural in a country with a lengthy merchant tradition and little industrial experience.

In a new development, Saudi businessmen are seeking foreign partners willing to invest time, money and technology in creating local enterprises for the market in Saudi Arabia and the Gulf.

Many expatriate businessmen think that Saudi Arabia is making an offer they cannot refuse. "Any foreign firm that doesn't get in here in the next five years may miss out on one of the big growth markets of the future — because it may not be able to get into Saudi Arabia at all," an official of the German-Saudi Arabian Office for Economic Affairs said recently.

Already, a host of "buy Saudi" and "specify Saudi" rules for government purchasing reflect this trend toward encouraging local industry, even if it means limiting trade.

Whether joint ventures will qualify as "Saudi" firms for all official benefits remains unclear.

But the government and Saudi businessmen, especially younger ones looking for a niche, unmistakably are eager to woo foreign companies into this kind of long-run commitment. Joint ventures are welcome not only in industry but also in agriculture for farming conglomerates, food-processing and tool manufacturers, and in operations and management where spare-part manufacturing and service companies are viewed as strong opportunities.

Saudi government institutions provide low-interest loans, tax breaks, low-cost land and utilities — all in proportion to the degree of Saudi ownership in the firm.

The parent company's commitment may be as little as some investment, some basic technology and one overseer directing an Asian labor force. Or it could grow as the market expands with growth in Saudi Arabia and, potentially, beyond the kingdom to include the other countries in the Gulf Cooperation Council.

A peculiarity of these joint ventures is that they are likely to involve medium-size firms, few of which have had any presence in the kingdom.

—JOSEPH FITCHETT

Nation Begins To Feel Effects 'Of Saudiization'

(Continued From Preceding Page)

pools will soon be segregated, preventing men and women from continuing to use the same facilities.

Another sign of weakening links between Saudi technocrats and the West is a recent government order to Aramco and ministries to seek special approval before sending Saudi Arabians abroad for training.

Meanwhile, to encourage businesses to hire young Saudis, the government has ceased demanding that graduates serve a year in government for each year they had a scholarship abroad.

The competition for qualified Saudis is intense. In this regard, Aramco — the country's largest employer — has an advantage because it can offer a full range of career and training opportunities.

Saudis are recruited — about 4,000 a year, partly to meet natural attrition, partly to replace foreigners whose contracts are terminated to make room for Saudis — in three different categories: those without high-school educations, high-school graduates and college graduates. Their training and advancement opportunities correspond to their backgrounds.

Asked whether Saudis will work, Mr. Naimi said: "In my generation, we were motivated by empty stomachs, and that motive has gone now, thank goodness. But there will be new incentives, new needs for the youngsters, and so they will work."

Purchase of Arms Linked To Local Manufacturing

RIYADH — Saudi Arabian officials have said that manufacturers must build factories in Saudi Arabia as part of any future major arms sales to the kingdom. This new purchase condition stems from the Saudi government's eagerness to have major Western corporations take a more permanent industrial stake in the country. The goal, as in civil joint-venture projects, is to transfer technology creating local employment and expanding the nonoil economy, according to Saudi and U.S. sources.

Some form of "offset" or "coproduction" is demanded by many other U.S. arms clients extending from NATO countries to Israel. In these cases, offset usually involves local manufacture of part of a U.S. weapons system in order to bring down the overall price of the arms.

Cost is less of a concern to Saudi Arabia, even though the kingdom is the most lucrative foreign market for U.S. weapons. Saudi Arabia's buying power in defense will give it enormous leverage in getting what it wants — more help in creating new sources of industrial growth in the kingdom.

It is unclear whether Saudi Arabia is seeking military coproduction or simply an industrial offset — say, a joint venture in manufacturing that represented perhaps 3 percent of the purchase price of the weapons system. The new policy is emerging in intense bargaining in contracts to build Saudi Arabia's planned command and control system. This major project is being sought by companies such as Litton Industries, Martin Marietta and Northrop. An executive at one of the companies, who asked not to be indentified, confirmed that industrial offsets are part of the Saudi package.

Although most U.S. arms sales go through the Defense Department as foreign military sales and U.S officials are monitoring the current negotiations, there is no indication that the U.S. government would get involved directly in the industrial side envisaged by Saudi Arabia. A senior Pentagon official, who declined to be identified, said: "The Saudis would do better to put both the arms deal and the industrialization deal out to tender separately, than bargain for the lowest price of each one."

—JOSEPH FITCHETT

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Food Processing: Planners Hoping For Major Industry

Special to the IHT

RIYADH — Saudi Arabia, the world's largest oil exporter, is about to begin exporting an entirely different commodity: agricultural products.

High-technology agro-industrial projects combined with massive government financing and subsidy support have brought Saudi agriculture from the subsistence level to that of a food exporter in less than a decade.

Agricultural processing is therefore a good candidate to overtake building materials as the top sector in new demand for loans, according to Planning Minister Hisham Nazer.

To date, however, except for juice canning and date packing, food processing has yet to develop. But the market is available; one major U.S. processing-equipment manufacturer reports that locally canned juice fills just 20 percent of the market.

The same manufacturer recently completed a state-of-the-art can welding factory project in Riyadh — but the cans are for lubricating oil, not for agricultural products.

While farm-implement and food-processing industries are still in the talking stage in the kingdom, farming has become lucrative big business.

Such agricultural development was spurred by talk of trading "a bushel of grain for a barrel of oil" during the oil crisis of the early 1970s. Fears of a food embargo — which experts predict could starve Saudi Arabia in two weeks — have been the impetus for the budgeting of more than $21 billion on agriculture and water-development programs during the third five-year plan (1980-1985).

Large-scale agro-industrial projects — including one dairy farm with about 10,000 cows — have brought about most of the increase in production. Heavy emphasis has been placed on such capital-intensive farming methods as center-pivot irrigation systems in which a handful of laborers can farm hundreds of acres of crops.

Critics argue that the scale of farming investment is a misuse of Saudi funds. Many Saudis argue privately that the money would be better spent on industrial diversification, where Saudi Arabia's cheap energy gives it a comparative advantage it lacks in agriculture. The massive plunge into farming has produced grain surpluses that the National Silo Organization says it lacks space to store. The impact of agriculture on the kingdom's water resources is unclear.

But farming has become a political sacred cow (as it is in many Western countries) because, in Saudi Arabia, it combines the sentimental value of making the desert bloom with the practical advantage of helping spread the oil wealth via the subsidy program.

Wheat is king. Hefty government subsidies have raised production each year from as low as 3,000 tons in 1975 to the more than 800,000 tons expected to be harvested this year. Next season's wheat crop is expected to exceed the kingdom's needs, and talk has turned to exporting grain from the desert.

Other statistics that show agricultural growth are:

- Egg production is about 1.2 billion per year, close enough to self-sufficiency for the government to have imposed a 20-percent tariff on imported eggs earlier this year and approved a request from egg producers to export any surplus.
- Local markets are flooded with fresh milk and *laban* (a traditional yogurt drink) produced by some of the largest dairy farms in the world.
- Poultry meat production supplies about 75 percent of demand.
- Greenhouses using hydroponics are supplying cucumbers, tomatoes and other vegetable products year-round but are nowhere near meeting demand.

Agriculture continues to attract investor interest from a broad spectrum of Saudis — members of the royal family who own their own farms, Bedouin farmers with just one center pivot of 50 hectares (125 acres) and even middle-class city dwellers who have heavily subscribed in shares of joint-stock agricultural companies. The National Development Company (NADEC), the largest farming venture in the kingdom, and similar companies in Hail, Tabuk and Qasim, have attracted a great deal of investor interest, and subscriptions of such companies have all been greatly oversubscribed. The fact that the boards of both the Hail and Tabuk companies are headed by the provincial governors shows the importance placed upon the projects.

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SAMA's Role in Funding Budget Deficit

RIYADH — The most critical dilemma facing Saudi Arabia's finance minister, Mohammed Ali Abdul-Khail, is funding the kingdom's largest budget deficit.

Along with a drastic cut in government spending, dipping into the billions of foreign assets held by the Saudi Arabian Monetary Agency (SAMA) appears to be the best way out.

In practice, the main burden of the budgetary deficit falls on private businesses, which have increased their overall demand for loans by 20 percent this year and stepped up the frantic search for suppliers' credit abroad.

Short of prompt government payments and fast turnover on their inventories, trading as well as contracting firms are resorting openly to deferred payments in lieu of cash for their imports. So the problem comes back to SAMA and its readiness to draw down reserves.

But pressure is building to slow the drawdown on foreign reserves and make ends meet in a new way. The most widely discussed possible innovation involves a plan to issue treasury bills.

SAMA worked extensively on the project starting last summer, and the first action was expected to be taken by most bankers in late October. Ninety-day bills were to be sold through weekly auctions and could have netted about 500 million riyals.

The goal was to get an estimated 6 billion riyals in local liquidity over a three-month period. This amount would not have been enough to fund the whole budget deficit, but it would have substantially relieved the drawdown of foreign reserves.

In addition, the Saudi treasury bills would have enabled SAMA to tighten its grip on the kingdom's money supply, which can be highly volatile. The plan was shelved, apparently because SAMA could find no way to get around the prohibition on interest payments, which are forbidden both in Sharia, the religious law applied in Saudi Arabia, and in SAMA's charter.

Other options are under study, including a more simple re-deposit plan as well as a re-discounting window allowing commercial banks to liquefy before maturity of some of their loans for cash purposes. This would help increase the loan turnover at a critical time.

Even if the treasury bill idea had worked, the main puzzle remains: What will be the ultimate size of the deficit to be financed?

Sales of crude and of condensates have recovered slightly to 4.8 million barrels a day, but there is no prospect for any further improvement.

Despite the earlier pledge made by the government that expenditures would increase this year over 1982-1983, disbursements have remained extremely tight and are running about 6 percent behind last year's. On the other hand, oil income, put at $47.8 billion in the budget estimates, may hardly exceed $40 billion.

So the drawdown process continues. It started in April with the cooperation of the U.S. Federal Reserve Board.

Some reliable sources estimate that more than $6 billion of assets so far have been liquefied, apart from SAMA's regular foreign-investment income, projected this year at $11 billion.

Most of the drawdown would have taken place during the summer as a result of the depressed oil sales recorded in the spring. There is usually a lag effect of 45 days between sales and effective payments. No official comment could be obtained on the size of the SAMA drawdown.

Although some close observers of the kingdom expressed surprise at the speed of the drawdowns, most agree with Riyadh's forecast that the total withdrawal will reach at least $10 billion for the fiscal year ending on April 4, 1984.

— ROBERT POULIOT

Wider Economic Base Emerges

(Continued From Page 11)

al weaknesses — for example, subsidies and the foreign-labor problem.

Subsidies were budgeted to fall this year from 11 billion riyals to 9 billion riyals. Urban bus tickets have been doubled and the price of frozen imported meat raised, and there is talk of raising electricity prices. So far, however, the savings have been negligible. Many believe that the wheat subsidy will have to be lowered as the incentive to wheat growers is such that Saudi Arabia will become a net exporter of wheat next year. Subsidies strike at the root of the competitiveness of the economy and the extent to which it is to be cushioned from the world outside.

The level of expatriate labor necessary to keep Saudi Arabia's nascent industries competitive will be another major determinant of the type of economy the kingdom eventually develops. Saudiization is being pursued rigorously, and expectations are coming down; young Saudis are seen in jobs that would hardly have seemed imaginable for them two years ago. But the underlying demand for foreign labor remains strong despite the changes.

Saudi business will require compensation for employing more expensive citizens. With 100,000 young Saudis coming out of the educational system each year, the government will have to be careful to ease some strictures on private business or risk having the younsters featherbedded in the civil service. The politically delicate question of employing women remains in mothballs. The foreign-labor requirement could be virtually eliminated if women were brought into the labor force.

The problem of foreign labor will be addressed in the fourth five-year plan, which comes into operation in February 1985. The first of a series of meetings by the Council of Ministers was held in October to determine its outlines, and a strategy document will be issued in the new year. Despite recent problems, there is satisfaction at the way the third plan has been implemented.

According to the deputy minister of planning, Hussein Sejeini, many projects proceeded ahead of schedule in the first years, and 85 to 90 percent of the plan is complete. With the physical infrastructure in place, the emphasis has shifted to developing the institutional infrastructure to ensure that the needs of the people in the marketplace are transmitted to the decision-makers. Regionalization and greater cost effectiveness are being stressed, therefore.

Private Sector Responds to Challenge

(Continued From Page 11)

cash prefer to press on rather than wait the three to six months it can take to process a development fund loan. Others dislike having to present accounts or the development fund's scrutiny of their joint-venture partners. But this may be changing with the credit squeeze.

As industry becomes more complex and capital-intensive, the need for a properly ordered capital market will grow. To date, the banks have found the returns on Eurodollar deposits too tempting to take industry seriously, but most now have, or are setting up, merchant banking facilities.

In the absence of a stock market, it has been left to Saudi entrepreneurs to raise, as best they can, the loans and venture capital for industrial projects. An interesting development that may be a pointer to the future was the recent creation of the National Industrialization Co., which will be an industrial holding company capable not only of managing its own joint ventures but of taking equity stakes in others and promoting industrial services companies.

As the kingdom moves into a period in which the government's privatization plans and agriculture will be competing with industry for private capital, the extent to which the Saudi private sector will draw on the estimated more than $30 billion it holds abroad could determine the success of the government's policies. It will depend on the perceived security and profitability of domestic investment. How far the private sector will be able to prevail upon the government to cushion it from the worst effects of foreign competition will be a crucial pointer.

The expansion of the domestic market to include the Gulf Cooperation Council states is welcome, but there have been complaints that the government is not doing enough to pass business the Saudi private sector's way or to curb dumping through Kuwait and Bahrain. Still, according to one Riyadh consultant: "The big boys are resisting [calls for protectionism]. They know that government help only comes with strings." The key point is that there is now a significant number of large Saudi businesses prepared to compete in the international market. They are the natural allies of the government in its battle to make Saudi industry more competitive. But in the recurrent calls for protectionism there will inevitably be some give and take.

— ALAN MACKIE

Development Aid for Remote Areas

(Continued From Page 9)

years, many emigrated to the oil-rich Eastern Province.

People are now returning, lured back by the network of roads that bestrides the steep mountains and the network of facilities spreading out from the Abha-Khamis Machit core.

Initially, the source of local prosperity from the oil wealth was an agricultural boom fueled by myriad government subsidies. But farming growth is confined by the broken terrain, and industrial potential is limited by distances from markets. So the long-term hope for Assir is tourism, attracting Saudi and expatriate visitors.

Already Assir boasts Saudi Arabia's first national park — a showcase covering 1.3 million acres (520,000 hectares) where the U.S. Park Service has helped set up campgrounds and lookout points giving visitors a series of stunning vistas on the spectacular escarpment rising from sea level to juniper-covered mountainside to barren peaks.

Despite its singularities, Assir fits the emerging pattern of regional development in the kingdom.

Each populated area has been graded as a regional center such as Abha-Khamis Machit, as a local town such as outlying towns here, or as scattered settlements like so much of Assir — and promised corresponding access to government and municipal funds.

Typically, too, a chamber of commerce has just opened in Abha, providing a local business body to lobby the government and facilitate contact with foreign companies. Local businessmen are actively seeking contractors for housing and other construction, for agro-business ventures and — as throughout the kingdom — for companies to provide services. In Abha, tourism is the service industry, a unique situation in the kingdom. But other services, for example, maintenance and operations and management, are also in demand.

Throughout the kingdom, the new Saudi regional planning approach faces some difficult choices. Long-established families often are reluctant to move, even within the same emirate. This immobility is frustrating to most Saudi decision-makers, who argue that spending should be focused on localities with water or other resources, that people should be made to move to local growth poles capable of acquiring regional economic roles. While the government continues to dole out funds to petitioners who want to stay put, officials say privately they hope the younger Saudi generation will voluntarily gravitate to places offering broader opportunity.

Whatever the planning uncertainties, the political commitment to regional spending appears irreversible, and foreign businessmen are starting to spend time seeing provincial officials, entrepreneurs and merchants.

The Saudi-British Joint Commission reported growing opportunities in Abha after visiting Assir last December. The U.S. Embassy regularly organizes familiarization trips — with interpreters — to the main provincial cities for businessmen. German companies appear even further along in making contacts and contracts in the provinces.

This first-hand exposure to provincial political and business leaders and the local outlook provides the most realistic picture of upcoming opportunities, according to consultants and businessmen in the kingdom.

A word of warning: Projects may be shaped by the recommendations of prominent and influential men on the spot such as Prince Khaled. But the contracts, even for municipal projects such as sewerage, are still assigned by the ministries in Riyadh.

— JOSEPH FITCHETT

Petrochemicals From Jubail Face Tough Market Climate

JUBAIL — Every morning a line of 40-ton trucks assembles by the Samad plant in Jubail industrial city, ready to transport fertilizer to Iraq. It is an expensive means of transportation, but Iraq's circumstances dictate it, and Saudi Arabia is anxious to sell its petrochemicals to whomever will buy.

Samad is the second petrochemicals plant to come on stream in Jubail's multibillino-dollar complex and it is finding difficulty moving production. After nine months the new silo holding 70 days' production is full and the plant has been operating at a little more than 60 percent of its 1,600-ton-a-day capacity.

Samad's difficulties may be temporary, but they underline the tough market climate in which Jubail's industries will be operating — so different from the experience of the normal run of Saudi companies serving the local market. Since the fertilizer needs of the local market are more than covered by an existing company, the Saudi Arabian Fertilizer Co. (SAFCO) in Dammam, Samad's production must be geared exclusively for export.

Saudi Arabia is going to need top marketing skills to meet the challenge of selling its petrochemicals production no an oversupplied world market where protectionist pressures are building.

Although most of Saudi Arabia's big oew export industries have agreements with their foreign joint-venture partners that at least tacitly commit the various multinationals to market any unsold production, Saudi Arabia's own political clout will be a key factor in the success or failure of its industrial export strategy.

To confound the pessimists, the first Jobail petrochemicals plant to go into production, Ar-Razi, the Saudi methanol company, is off to a flying start, operating at 7 percent above its 600,000-ton-a-day design capacity and talking of acquiring two 15,000-ton methanol storage facilities in Rotterdam and Singapore to serve small customers.

Still, too much should not be read into Ar-Razi's success. It is lucky, through its joint-venture partner, Mitsubishi, to be locked into the Japanese market where a large part of Saudi methanol production is targeted. But the prognosis for methanol sales, in general, is obscure. SABIC is launching a similar-size methanol plant with Celanese and Texas Eastern as partners, and has a stake in the Bahrain-based Gulf Petrochemicals Industries Co., which will start producing methanol in 1985. The total productioo will test Japan's capacity to absorb, as well as SABIC's marketing skills.

Its main problem will be marketing polyethylene and ethylene derivatives.

By the end nf 1986 — the plants come on stream a year earlier hut will nnt initially be operating at full capacity — SABIC companies will be producing 1.6 millioo tons a year of ethylene derivatives. Few markets can absorb these prodocts in snch quantities, and a large part of production, perhaps as much as 25 percent, could be destined for Europe, which is vulnerable because its own petrochemicals industries have adapted least to the challenge of the oew generation of Third World basic petrochemical producers. Japan has already restructured its petrochemical industry tn take account of Saudi Arabia's arrival in the market.

Europe is alarmed, and the first shots in what so far has been a war of words were fired by Minister of Industry Abdel-Aziz al-Zamil last month. He tnld the European Community that Saudi Arabia expected the Community's tariff barriers of 12 to 18 percent on Saudi petrochemical imports to be lnwered to give equal treatment with the 3 tn 4 percent tariff imposed by the kingdom on imports from countries in the Organization for Economic Cooperation and Development.

On the other side of the argument, there are pressures on the EC Commission from member states with strong labor lobbies and underutilized and antiquated capacity to raise tariffs further. Hard bargaining and greater mutual understanding could open up important avenues of cooperation. SABIC could, for instance, invest in some of Europe's replacement capacity, assuring markets for its own basic feedstocks. At present, SABIC does not have the contact with European producers that it has with the Americans and Japanese, who, for the most part, are its joint-venture partners.

SABIC's problem is settling into the market in the first two or three years of production without creating too many waves. This could be difficult, given that new capacity will be coming on stream in Indonesia, Mexico, Iran and Iraq before the end of the decade and that world demand is only expected to pick up slowly. According to Abdullah Nojaidi, SABIC's marketing director, the corporation intends to market at least 25 percent of production and leave the foreign partners to market the rest after the domestic market has taken 10 percent. A great deal can change in the next two years to alter these intentions.

The Europeans fear that the Sandis will want to maximize their return and set their price accordingly. With by far the lowest feedstock prices in the world the Saudis could undercut everyone. But such a view ignores the high store the kingdom puts on its international responsibilities and the need to maintain orderly markets and price structures. Moreover, the Saudis would be least hurt if it came to a price war.

SABIC, which is new to the marketing business, is setting up a marketing company in a few months with offices in London and Hong Kong.

As Mr. Nojaidi sees it, SABIC intends to do its own marketing and not rely for this on its joint-venture partners. He said recently that SABIC will have to learn to live with the market conditions it finds and consequently cannot expect its joint-venture partners to help out when the going gets rough.

However, the terms of SABIC's marketing agreements have not yet been tied down to contractual obligations. The organization is still in its initial stages, and a great deal can happen during the next 30 months before marketing begins.

Already, the three U.S. partners have agreed to help out. Pecten, a subsidiary of U.S. Shell, has agreed initially to take all production from its plant, and Exxon oearly all from its plant. Mobil has only begun negotiating its marketing agreement.

Looked at more broadly, marketing — in principle — is split evenly between SABIC and the joint-venture partner with variations as to how much the partner takes of SABIC's share. For instance, SABIC's partner in Samad, the Taiwan fertilizer company, takes 60 percent of production. Mitsubishi takes 50 percent of Ar-Razi's production and then matches SABIC's sales for the remainder.

But all these arrangements will reflect, in practice, foreign companies' desire to please Saudi Arabia by helping the kingdom's exports improve their market shares.

In the longer run, SABIC will be seeking to diversify into markets in North Africa and South and Southeast Asia.

As a downstream secondary petrochemicals industry develops, domestic consumption could also pick up appreciably.

— ALAN MACKIE

New Industrial Cities Exemplify Saudi Aims

YANBU — The most impressive proof of Saudi Arabia's determination to develop new sources of wealth besides crude-oil exports are the industrial cities that are starting to manufacture and export refined products and petrochemicals from Saudi Arabia's coasts — Jubail, on the Gulf, and Yanbu, on the Red Sea.

These cities literally exemplify the cliches of smoking factories and modern communities rising out of the sand. They play a central role in the grand strategy adopted by Saudi leaders for developing the kingdom.

In the past a great deal of money has been spent on developing the kingdom's oil resources and subsequently on creating local agriculture. Now most Saudi Arabian officials clearly believe that future spending should concentrate on the most promising long-term opportunity — the industrial option.

Already industry is starting in Yanbu, which eventually is scheduled to accommodate several hundred factories. The first step, already visihle in Yanbu, are the refineries and petrochemical plants that will convert natural gas that Saudi Arabia has been treating as a waste product into the feedstock and fuel for petrochemicals and other products, all salable. Until now, Saudi Arabia has been treating gas as a waste product of crude oil to be burned off in giant flares.

Now natural gas, along with utramodern technology, is supposed to provide the economic advantage for Saudia Arabia to develop industry. It is becoming so important in the industrial activity of Saudi Arabia that oil production can no longer be allowed to drop below a certain level, estimated to be 3.5 barrels a day, because it takes that much oil producitou to get the natural gas needed for the utilities and industries in Sandia Arabia.

To alleviate this dependence on natural gas, which is found in conjunction with oil exploration, the search for newer deposits of natural gas has become part of Sandi Arabia's emphasis on industrial diversification.

Beyond Yanbu's industrial importance, however, this new city, like Jubail, has a strategic importance. Yanbu and Jubail are growth poles in the political sensitive border areas of the kingdom, and their growth will both implant population in these stragegic locations and also help spread the kingdom's prosperity outside a few traditional cities.

Yanbu, in particular, represents a major strategic accomplishment in that crude oil and natural gas, reaching this port via the new Petroline that runs across the kingdom, can be exported through the Red Sea, avoiding the congestion at the Strait of Hormuz, currently threatened by Iran.

Despite widespread initial skepticism that Saudi Arabia, a developing country albeit a rich one, could carry through such an ambitious plan of economic and geographical diversification, the refineries and petrochemical plants are taking shape fast, often ahead of schedule and occasionally under budget.

Mobil has been one of the most active Western companies in cooperating with the Saudi drive to diversify industrially. To get its Yanpet plant up quickly, Mobil is using a technique of industrialization prefabrication. Huge factory units, some seven stories high and weighing about 600 tons, are built in Italy and shipped to Yanbu in special boats that can be ballasted for such unwieldy cargos.

Meanwhile nearly 2,000 Saudis are attending work-study courses in Beaumont, Texas, organized by Mobil. Saudi law, drafted by the ministries of industry and commerce, require the staffing in Yanbu plants to be 70 percent Saudi within three years.

A few miles from the industrial area, the outlines of a permanent community are already discernible in Yanbu. The white-walled modern villas are going up at the rate of 5,000 a year, and the new city will have 135,000 inhabitants by the end of the century. Living in California-style bungalows, they will have access to marinas and sport facilities, sophisticated shopping centers, elaborate videotape libraries and other indoor family-oriented entertainment.

There have been other initial setbacks. Low oil demand means Petroline is running well below capacity. Plans for some plants are being stretched out. But the domestic refineries are humming. Petrochemical markets are being tested. Hopes are high that Iraq will send its own pipeline to Yanbu to escape the Gulf, adding new economic impetus.

— JOSEPH FITCHETT

As Boom Winds Down, Development Projects Are Reduced

By Robert Pouliot

RIYADH — The man easily found his way iotn the Western Province's largest constructino equipment yard at Kilo 7, bordering the Mecca highway.

He entered the huge Binladen compound, turned right and drove straight to a small mobile unit. Grabbing a heavy black garbage plastic bag, he walked into the small air-conditioned unit where a few clerks were waiting around a crude counter made of three wooden planks. There, be tipped the bag with its precious content: 1.4 millioo riyals in neatly packed bundles fresh from the bank.

The man had bought heavy-construction equipment at an aoction the month before. Unless he paid cash or through a certified check, he could not remove the equipment.

The scene has become a familiar one at Binladen's Yard after the largest auction held in the Western Province. About 1,200 heavy pieces of equipment were sold in three days to 91 huyers for 14.6 million riyals. Altogether, 476 bidders coming from as far away as the United States, the Netherlands, Italy, West Germany, Sudan, Egypt, Pakistan or Singapore had registered with Tamimi Auctioneers, a Saudi-U.S. joint venture managed by Jim Davis Auctioneers from Texas.

Although most of the equipment changed hands to be used elsewhere in the kingdom, a large quantity of, 35-ton Caterpillar tractors, graders, bulldozers and cars left the country fnr brighter construction markets abroad.

International auctions are the latest sign that the world's greatest constructinn boom has ended along the Arabian Peninsula. Although Saudi Arabia remains the most attractive market for contractors in the area, multibillion-dollar projects belong to the past, with infrastructure development moving into the rural areas — such as Qassim in the north, Abha in the south or Hofuf in the east — on a much smaller scale.

"The boom is over in Jeddah and Riyadh," a Western diplomat said. "The priority is now focused on the countryside, which is about five to six years behind in terms of sewage facilities, road system, communications, transport network, schools and hospitals. Whenever businessmen visit us, I tell them not to waste time and concentrate on those regions."

From an average of $45 billion a year invested in construction since 1981, spending is expected to drop at least by 22 percent next year.

According to Aramco sources in Dhahran, where an elaborate monitoring system has been used since 1975, the index of contract awards throughout the kingdom fell by 62 percent this year. However, due to the lag effect, the spending pipeline index has only dropped by 8 percent over the same period, suggesting a sharp cut next year as the earlier momentum tails off.

The greatest concern for the contractors this year has been to know when and if government payments would flow into their coffers. From a peak period reached in August-September, which pushed interest rates on riyals over those prevailing on dollar deposits due to heavy demands for loans and rollovers, the average payment delay appears to have dropped in the range of three to four months with some major Saudi contractors reporting a normal on-time payment position in late November.

Yet, the overall contraction had remarkable effects on prices of building materials, which declined by an average of 30 percent this year. Excessive inventories are reported in most yards, with the notable exception of imported cement, where growing sales are displacing more expensive domestic sources of concrete.

As a result, housing construction became much more attractive. Following large-scale distribution of government land in both Riyadh and in the Jeddah-Mecca-Medina triangle, the Saudi Real Estate Development Fund is being besieged by a sudden rush of applications for housing loans. Applications for loans rose by 17 percent this year, and the flow of inquiries (running at more than 120 a day) from the Western Province suggest that applications may grow further next year. With a paid-up capital of $12.8 billion, the fund is a leading factor in the kingdom's housing market.

During the third development plan, the fund was asked to supply 103,000 units through its 20-year, non-interest-bearing funding program. But with two years to go, it has exceeded its target by 15 percent. During the next seven years, the fund has projected loan disbursements totaling $20 billion.

As a financial manager of a major building material supplier put it: "For the first time in a decade, competition not only means cutting prices and overhead costs to the bone but also serving the clientele the best we can. After-sale service has become a prime consideration."

The Binladen, Juffali, Abdulazziz and Alireza concerns, Saudi Arabia's largest contracting and trading groups, are therefore streamlining their operations to stay afloat what has become the most critical recession in Saudi Arabia since the late 1950s.

That means getting rid of excessive equipment and inventory material, as well as cleaning up yards to improve cash flow. And the best method is through international auctions. The Tamimi group alone has held 10 auctions this year, twice as many as in 1982, for combined sales estimated at 175 million riyals. The largest one was staged for Aramco at the end of November with more than 25 million riyals worth of heavy equipment, including generators, compressors, welders, portable buildings and loads of trucks, buses and trailers.

Other auction sales were held in Qassim, Riyadh and Al Khobar. The auctioneer takes care of the worldwide promotion and visa arrangements for all bidders and nets 10 percent of the sales.

Even the top management of the Binladen organization, which has a labor force of 5,000, was surprised by the results, so much so that two other international auctions are scheduled for next year: one in the outskirts of Jeddah for general but lighter equipment and another near Abha with a much larger, although older, inventory of heavy machinery.

هكذا من الأصل

International Herald Tribune
BUSINESS / FINANCE
MONDAY, DECEMBER 12, 1983 **

EUROBONDS

By CARL GEWIRTZ

The Absence of Straight Dollar Bonds Underscores End of Fixed-Rate Market

PARIS — For the first time since late August, the Eurobond calendar is void of straight dollar bonds — a belated recognition by issuing houses that the market for fixed coupon paper died a month ago.

The last straight bond that can be said to have been accepted by the market was Security Pacific's 11¼ percent five-year notes issued in mid-November. Priced at par, those notes ended the week at a mid-price of 99 for a yield of 12.03 percent.

The other recent offerings are all at substantial discounts.

The European Investment Bank's 11½s of 1990, offered at par, ended the week at 96½ to yield 12.27 percent. The Bank of Tokyo's 11⅝s of 1990, also offered at par, is trading at 98 to yield 12.31. McDonald's 11⅝s of 1994 are at 97, yielding 12.13 percent, and the warrants to buy 11½ percent bonds are virtually unchanged at $17.

Investment bankers now say the fixed-rate market is closed until the new year.

The reception of fixed-rate Deutsche mark bonds has been little better. But stuck with their pre-set, month-long calendar, the new issues have continued to be offered despite all the evidence that buyers are not interested.

Eurobond Yields
For Week Ended Dec. 7

Int'l inst. lg term U.S.$	12.40 %
Ind. long term, U.S.$	12.49 %
Ind. medium term, U.S.$	12.78 %
Can.$ medium term	13.24 %
French Fr. medium term	13.11 %
Int'l inst. lg term yen	7.61 %
ECU medium term	11.91 %
EUA long term	10.72 %
Int'l inst. lg term FLx	10.93 %
FLx medium term	10.36 %

Calculated by the Luxembourg Stock Exchange.

Market Turnover
For Week Ended Dec. 9
(Millions of U.S. Dollars)

	Total	Dollar	Non-dollar Equivalent
Cedel	6,422.20	5,294.20	1,128.0
Euroclear	10,770.70	9,813.30	957.40

Amca International sold 100 million DM ($36.4 million) of eight-year paper at par bearing a coupon of 8¾ percent and ended the week at 97¾ for a yield of 8.65 percent. [See New Eurobond Issues chart, Page 17.] Megal Finance sold 50 million DM of 10-year bonds bearing an 8¼ percent coupon at a discount of 99¼ to yield 8.36 percent but ended the week at 97½ for a yield of 8.63 percent.

Dealers said both issues suffered because the companies are not well known. In addition, Amca is a sour name for portfolio managers sitting on its dollar paper issued earlier this year which is trading at a steep discount.

South Africa, which sold 200 million DM of 8½ percent bonds at 99¼ to yield 8.63 percent, ended the week at 98½ to yield 8.77 percent.

Olivetti Offering

This week the current calendar will close with an offering of 100 million DM from Olivetti. On Wednesday, the capital market subcommittee will meet to set the calendar for the coming four weeks.

With the mark trading at a 10-year low against the dollar and widely forecast to fall further and with the dollar market seized shut by fears that interest rates will be driven higher, it is difficult to see where the demand will come from to support the establishment of a large calendar for January.

In contrast to the straight-bond market, floating rate notes continued to be offered and well received. Creditanstalt and Hydro Quebec both sold 10-year notes bearing interest at ⅛-point over the six-month interbank rate.

Hydro Quebec's front-end fees of 1 percent mean that its cost to borrow $200 million will total 22½ basis points over Libor. Creditanstalt, which paid a front end fee of only ½ percent, will pay 17½ basis points over Libor.

International Herald Tribune

Bankers May Cut Rates on Latin Loans

They Worry Growing Debt Burden Is Greater Than Countries Can Bear

By Carl Gewirtz
International Herald Tribune

PARIS — Sixteen months after fending off a financial crisis by providing ever-bigger emergency loans to Latin American countries, bankers are preparing to tackle the fundamental issue of easing the debt burden through a substantial reduction in interest charges.

Rimmer de Vries, senior international economist for Morgan Guaranty Trust, said in an interview here last week that rate cuts of 2 to 3 percentage points are urgently needed if countries like Brazil and Argentina are ever again to become credit worthy.

He said U.S. accounting practices would have to be changed to allow banks to grant such relief without having to devalue the loans they hold.

Rate relief, he estimated, would cost banks very little in reduced per-share earnings, "just a few cents" for Morgan. But banks could not afford to swallow that small cost if it means writing down asset values, which would have a major impact on their balance sheets as well as on profits.

While Mr. de Vries insisted that he was speaking as an economist rather than as a spokesman for the big New York bank, a check with leading U.S. and European banks showed that coordinated action to reduce rates may not be far off.

Reaction to Mr. de Vries's suggestion was sought from the chairmen of four major banks. Spokesmen for these officials insisted on anonymity, but their comments were strikingly similar.

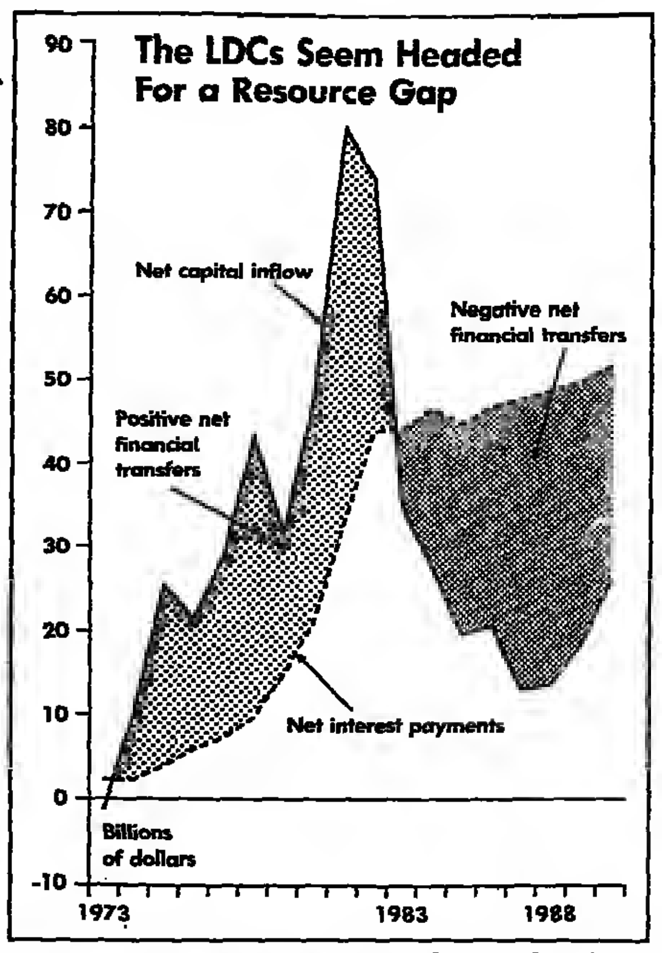
"A statement like that coming in the name of the chairman would be a bombshell," a spokesman at a New York bank said. But, he added, "the notion of rate relief is gaining increasing acceptance. A consensus is building up that all of the belt tightening can't be put on the debtors — it's more than they can bear and it's not entirely fair."

The spokesman for the chairman of a Frankfurt bank said: "It has always been clear that both sides [borrowers and lenders] would have to do something. Reasonable bankers have known all along that interest rates may be too high." But he added that his chairman "would never say that publicly."

Rate-relief, when it comes, will be applied discriminately, to countries that have no other way out of the debt trap and which have the domestic economic policies needed to be successful already in place. This, Mr. de Vries said, means policies aimed at increasing exports and soliciting foreign direct investment.

Reduced interest rates will do more to relieve the debt crisis than new loans because these just add to the burden. In addition, there is

(Continued on Page 19, Col. 5)



The chart shows how capital outflow — most of which is payments on debt — began in 1983 to outstrip the flow of capital into 21 major less-developed countries. Projections show the gap widening sharply through the decade to what analysts fear will be insupportable levels.

Fed May Tighten Terms for Credit

Curb Seen if Economic Growth Fails to Show Signs of Slowing

By John M. Berry
Washington Post Service

WASHINGTON — Contrary to the belief of many money market traders, the Federal Reserve has not sought to tighten credit conditions in recent weeks, according to Federal Reserve sources.

But such a tightening could come if more concrete signs of slower economic growth don't emerge within the next month or two. The chances for such a step would be heightened if the narrowest measure of the U.S. money supply, M-1, bounces upward this month as some financial analysts expect.

Surprising the financial markets,

U.S. CREDIT MARKETS

the Federal Reserve said Friday that M-1, which consists of cash, checking and similar accounts, declined a steep $2.1 billion in the week ended Nov. 30.

Some Fed officials believe that this week's meeting of the central bank's policymaking group, the Federal Open Market Committee, could be a particularly difficult one because of a wide division of opinion among the 12 voting and seven nonvoting members over the most appropriate short-term course for monetary policy.

The members who place more emphasis on movements of M-1 as a guide to policy are growing increasingly concerned that the money measure has shown virtually no growth since August. They fear there could be a sharp slowdown in economic expansion in the first half of next year unless M-1 growth resumes.

Other members, including the FOMC's vice chairman, Anthony M. Solomon, president of the New York Federal Reserve Bank, think that the big swing from rapid M-1 growth earlier this year to little growth recently is not likely to produce such a slowdown. "The sharply reduced rate of M-1 growth since midsummer does not, in my view, predict any renewed recession," Mr. Solomon told a Washington audience recently.

Current Fed staff projections in-

U.S. Consumer Rates
For Week Ended Dec. 9

Passbook Savings	5.50 %
Tax Exempt Bonds Bond Buyer 20-Bond Index	9.91 %
Money Market Funds Donoghue's 7-Day Average	8.47 %
Bank Money Market Accounts Bank Rate Monitor Index	8.55 %
Home Mortgage FHLB average	12.19 %

dicate stronger economic growth than was expected earlier for both this quarter and the first half of next year. The 5 to 6 percent rate of increase in gross national product for the first quarter may be stronger than some FOMC members would like, particularly if the drop in unemployment — to 8.4 percent in November — were to continue. GNP is a nation's total output of goods and services.

The most recent policy directive of the FOMC available publicly indicated that the monetary authorities sought in September to ease credit conditions slightly in the wake of several indications that the recovery was slowing down, perhaps substantially.

Since then, the apparent weakness in the economy has disappeared, and, beginning about a month ago, some financial analysts thought they could detect evidence of a reversal of that slight easing in September. The key indicator was a rise in the level of borrowing of bank reserves from the Fed itself.

For most of the last year, the Fed has focused its day-to-day operations in financial markets on what is known as "net borrowed reserves" and on the level of the federal funds rate. Analysts naturally have been watching that figure like a hawk as the Fed has sought, in its parlance, to maintain the desired degree of pressure on reserves. That degree of pressure, of course, is decided on the basis of economic developments such as GNP growth, inflation and expansion of the various money supply measures.

Banks and other financial insti-

(Continued on Page 17, Col. 1)

U.S. Is Urged to Boost Contribution to IDA

By Paul Lewis
New York Times Service

PARIS — Thirty-one of the world's richest nations have called on President Ronald Reagan to raise substantially the amount of aid he will ask Congress to give the world's poorest countries in the next three years.

The appeal came at the end of a two-day meeting here Saturday of countries planning to contribute to the seventh refinancing of the International Development Association, the World Bank affiliate that makes virtually interest-free loans to the very poorest nations — generally those in which the average per-capita annual income is about $400.

If the United States declines to increase its IDA contribution, other donor countries are considering putting up the extra money themselves, officials at the meeting disclosed. But if they do so, they will probably ban U.S. companies from getting any Third World contracts financed with these funds, the sources said.

Marc E. Leland, assistant U.S. Treasury secretary for international affairs, told the meeting that the Reagan administration would recommend that Congress appropriate $750 million a year for the three-year period, the seventh replenishment of the association's resources. The United States would also reduce its share of the total funds committed to the association to 25 percent, compared with a 27-percent share in the last three-year financing period, Mr. Leland said.

The Reagan administration's intention to reduce the size of the contribution and its percentage of the total pool of association funds would limit that pool to a total of $9 billion. In the last three-year period the agency had $12 billion to spend.

All other IDA donors condemned the American plan Saturday, saying that limiting the agency to just $9 billion would have "a serious adverse impact both on the institution of IDA itself and, more importantly, on IDA recipient countries."

All other countries contributing to the association agreed that the agency should be given $12 billion over the next three years, implying that the United States should contribute $1 billion a year instead of the $750 million Mr. Reagan is offering.

In their statement, these countries "urged the U.S., even at this late stage, to reconsider its position and to join other donors in participating in a $12 billion replenishment." The donors are scheduled to meet in Washington in January to make a final decision on their contributions for the period beginning next July 1.

The White House, announcing plans for the $750 million request last week, suggested that Congress would not pass a higher appropriation.

André de Lattre, a World Bank representative, said that if the United States declined to give more money, other donors would consider putting up the extra money themselves.

The donor countries are the Western industrial nations, many rich oil-exporting countries and such industrially advanced Asian nations as South Korea. Mr. de Lattre said Japan, France and Italy had said they were ready to increase their contributions.

But he did not say how much of the extra $3 billion needed to raise projected resources of the World Bank agency to $12 billion these countries would be willing to provide.

Officials of the meeting said that if a majority of the donor countries decided to finance the agency at a $12-billion level, they would probably place any additional funds over $9 billion in a special fund that would be governed by the World Bank. Only companies from the countries supplying the extra money would be allowed to bid for contracts paid for by this special fund.

A similar situation arose last year, after the United States decided to stretch out payments of its most recent three-year contribution to the World Bank agency over four years instead, leaving the agency short of some $500 million.

Dr Pepper Rejects Bid From Honolulu Concern

The Associated Press

DALLAS — A committee of Dr Pepper directors has decided to reject a takeover bid by a Honolulu company and keep working toward a merger with a New York investment firm, company officials said.

Following a special meeting of Dr Pepper's board of directors Saturday, company officials said that the committee had found that the offer by DPCC Acquisition Corp. of Honolulu was for $23.12 a share, not the $24 previously reported.

DPCC made a $560 million offer Dec. 5, one day after Dr Pepper signed a merger agreement with Forstmann Little & Co. of New York, subject to stockholder approval.

DPCC is a subsidiary of San Francisco-based Castle & Cooke Inc.

The Dr Pepper board voted Nov. 17 to accept the $512.5 million takeover offer from Forstmann Little, a private investment firm.

Forstmann Little has offered to buy the common stock outstanding in the soft drink company for $22 a share.

A statement by Dr Pepper Saturday said the committee reported that "it would be unreasonable for us to abandon a $22 opportunity for our stockholders which could be realized by the end of February in favor of an uncertain DPCC proposal which is unlikely to occur for several additional months, if at all.

"Pursuing the DPCC bid could jeopardize the existing agreement and could well mean that no transaction would be consummated," the committee said.

On Friday, Forstmann Little advised Dr Pepper that it had completed loan transactions for its cash purchase of the stock, Dr Pepper officials said.

If stockholders approve the Forstmann Little offer, Dr Pepper's senior management would maintain a 20-percent interest in the Dallas company.

3 U.S. Airlines Said to Consider Joint Jet Purchase

United Press International

ST. LOUIS — Three major U.S. airlines may cooperate in an unprecedented joint order of up to 200 McDonnell Douglas or Boeing aircraft, according to a business publication.

A copyrighted story in the St. Louis Business Journal's Dec. 12-18 issue said there are industry reports that American Airlines, Trans World Airlines and United Airlines could make a combined purchase of McDonnell Douglas MD-80s or Boeing's 737-300s.

The Business Journal said that although spokesmen for the airlines declined to comment, the president of American Airlines, Robert Crandall, reportedly told officers of the jet engine manufacturer, Rolls-Royce, that such a purchase "would make a lot of sense."

It would allow the financially troubled airlines to buy fuel-efficient aircraft at a discount price in the current buyer's market, the Business Journal said.

Aerospace analysts said a joint purchase might cause the manufacturer to sell aircraft priced at $20 million to $25 million for less than $20 million each.

Such a purchase also could revive St. Louis-headquartered McDonnell Douglas's commercial aircraft operation at Long Beach, California. The company recently cut back to production of one aircraft, ceasing development of the MD-90 and MD-100.

Wolfgang Demisch, an aerospace analyst with First Boston in New York, said: "Unless the United Autoworkers strike still ongoing at Douglas's commercial facilities is settled soon, even the MD-80 program may be terminated with Douglas withdrawing from jetliner manufacturing entirely."

Another analyst told the Business Journal, "It's Douglas's last hurrah. If they can pull this one off, they're back in business — strike or no strike — and will be able and ready to develop other models to anticipate the airline industry pickup in the late 1980s.

"If the deal comes off and goes to Boeing, Douglas is gone."

The Business Journal said antitrust problems would prevent the carriers from initiating the purchase but an investment banker or outside source could act as a catalyst for the transaction.

OPEC Ministers May Hold Emergency Talks on Output

By John Tagliabue
New York Times Service

GENEVA — Oil ministers of the Organization of Petroleum Exporting Countries have said that because demand for their crude oil was expected to fluctuate widely in the first half of 1984, an emergency meeting of the group would probably be necessary in coming months to realign its fragile production-sharing agreement.

Sheikh Mani Said al-Otaiba, oil minister of the United Arab Emirates and outgoing president of OPEC, said that a cold winter and the economic recovery is expected to lift demand for the group's crude to 18.4 million barrels a day in the first quarter.

In the first half of 1983, demand for OPEC oil averaged a rock-bottom 14.9 million barrels a day, depressed by mild weather and a worldwide recession.

Sheikh Otaiba, speaking after OPEC's annual winter conference ended here, said the predicted rise in demand, along with OPEC's production limit of 17.5 million barrels a day, would mean that consuming nations would have to use up 800,000 to 900,000 barrels of inventories a day.

He predicted second-quarter demand of "something around 16.5 million barrels per day."

Sheikh Ali Khalifa al-Sabah of Kuwait said at a briefing, "Demand on OPEC oil will have to increase dramatically before we have to consider adjustment of prices." He said, "three or four years of growth" in demand would have to occur first.

But he agreed that a special meeting, "perhaps in February," would be needed to reassess the situation.

The likelihood of widely fluctuating demand underscores the fragility of an agreement reached Thursday by the OPEC ministers. They decided to continue the production ceiling at 17.5 million barrels a day and the benchmark price at $29 a barrel, both levels that were set last March.

The meetings failed to name a new secretary general; in the process, various Iranian candidates were rejected.

CURRENCY RATES

Interbank exchange rates for Dec. 9, excluding bank service charges

	$	£	D.M.	F.F.	ITL	Gldr.	B.F.	S.F.	D.K.
Amsterdam	3.0815	4.421	112.08 *	36.90 *	0.1852	—	5.531 *	139.355 *	30.925 *
Brussels(a)	56.77	79.59	20.2733	6.675	3.3485 *	18.0925	—	25.203	5.59
Frankfurt	2.7465	3.944	—	32.86 *	1.652 x	89.20 *	4.933 *	124.81 *	27.58 *
London (b)	1.4355	—	3.9468	11.9885	2,386.53	4.4205	80.12	3.168	14.2938
Milan	1,665.75	2,391.40	605.52	199.47	—	540.41	29.878	752.80	167.04
New York	—	1.4355	0.364	0.1197	0.0602 *	0.3247	0.0178	0.4529	0.1004
Paris	8.354	11.9955	303.84 *	—	5.017 x	221.12 *	14.983 *	377.82 *	83.74 *
Zurich	2.2083	3.1719	80.33 *	26.435 *	0.1327	71.685 *	3.9566 *	—	22.15 *
ECU	0.8224	0.5733	2.2615	6.8729	1,369.44	2.5345	45.8836	1.8192	6.1989
SDR	1.04177	0.72592	2.86455	8.70295	1,725.33	3.2102	58.0735	2.3052	10.3943

Dollar Values

$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$
[illegible]	Australian $	1.1099	0.0101	Israeli shekel	98.545	0.4689	Singapore $	2.1328
[illegible]	Austrian schilling	19.365	0.0042	Japanese yen	236.375	0.822	S. African rand	1.2166
[illegible]	Belgian fin. franc	56.55	2.4176	Kuwaiti dinar	0.2925	0.0013	S. Korean won	799.80
[illegible]	Canadian $	1.2401	0.4267	Malay. ringgit	2.3438	0.0061	Span. peseta	158.20
[illegible]	Danish krone	9.9725	0.1289	Norw. krone	7.7605	0.1242	Swed. krona	8.0525
[illegible]	Finnish mark	5.812	0.0712	Phil. peso	14.0545	0.0249	Taiwan $	40.19
[illegible]	Greek drachma	98.70	0.0076	Port. escudo	131.329	0.0435	Thai baht	22.975
[illegible]	Hong Kong $	7.8145	0.2872	Saudi riyal	3.4825	0.2722	U.A.E. dirham	3.6735
[illegible]	Irish £	0.8842						

Sterling: 1.2679 Irish £

(a) Commercial franc (b) Amounts needed to buy one pound (*) Units of 100 (x) Units of 1,000
N.Q.: Not quoted; N.A.: not available.

International Bond Prices - Week of Dec. 8

Provided by White Weld Securities, London, Tel: 623 1277: a Division of Financière Credit Suisse-First Boston
Prices may vary according to market conditions and other factors

RECENT ISSUES

Amt	Security		Mat	Str/ Conv	Issue Price	Mid Price	Yield
$ 75	Mcdonalds Finance	11¾ %	'94 Jan	s	100	99¼	12.06
dm 100	Int Standard Elect	7½ %	'95 Dec	s	140	99¾	7.51
$ 100	Westdeutsche Landesbk	11½ %	'90 Dec	s	150	97	12.52
$ 75	Ic Industries	11¾ %	'95 Dec	s	100	40½	12.43
$ 100	Security Pacific	11¾ %	'88 Dec	s	100	99¼	11.95
$ 100	Bank Of Tokyo Curacao	11¾ %	'95 Dec	s	100	98	12.30
cn$ 125	Brit Columbia Prov	12 %	'93 Dec	s	130	99¾	12.13
cn$ 50	Montreal	12 %	'98 Dec	s	130	99	12.21
cn$ 35	Loblaw Companies	12½ %	'90 Dec	s	100	99	12.71
$ 150	Prudential Overs Cu/w	10½ %	'93 Dec	s	100	97½	10.57
$ 150	Prudential Overs Ex/w	10½ %	'93 Dec	s	100	90½	11.76
$ 30	Veba Intl Fin Cu/w	6 %	'93 Dec	s	100	103½	7.49
dm 100	Veba Intl Fin Cu/w	4 %	'93 Dec	s	100	109	2.95
$ 70	Veba Intl Fin Ex/w	6 %	'95 Dec	s	100	74½	12.53
dm 300	Veba Intl Fin Ex/w	4 %	'93 Dec	s	100	73¾	7.87
dm 100	Ireland	8¼ %	'91 Dec	s	100	97½	8.68
$ 125	Itt Financial	11½ %	'89 Dec	s	100	98	11.97
dm 100	Sncf	8½ %	'95 Dec	s	99½	99¾	8.15
ecu 100	World Bank	10½ %	'88 Nov	s	100	100½	10.49
ecu 100	World Bank	11 %	'93 Nov	s	100	98¾	11.21
$ 125	Sears Overseas	11½ %	'88 Nov	s	100	101	11.22
$ 100	Long Term Credit Bk	12 %	'93 Dec	s	100	98	12.35
dm 250	Barclays Overs Inv	8½ %	'98 Dec	s	99½	98	8.36
150	Investors Industry	11½ %	'91 Dec	s	101¼	99	11.49
$ 100	Asian Developm Bank	11¾ %	'93 Nov	s	99	96¾	12.32
$ 100	Mitsubishi Corp Cu/w	5¾ %	'88 Nov	s	100	100	5.74
$ 100	Mitsubishi Corp Ex/w	5¾ %	'85 Nov	s	100	77½	11.89
$ 85	Dart & Kraft Finance	7¾ %	'96 Nov	s	100	98¼	7.95
$ 100	Weyerhaeuser Capital	11½ %	'90 Nov	s	100	101½	12.26
$ 300	Texaco Capital	10½ %	'90 Nov	s	100	96	11.79

STRAIGHT BONDS
All Currencies Except DM

Amt	Security	%	Middle Mat	Price	Yield Ave Mat	Yield Life	Yield Curr
	AUSTRALIA						
$ 100	Australia	7½	'84 Sep	98	10.41		7.65
$ 125	Australia	8¼	'84 Dec	96	10.44		8.42
$ 25	Australia	5½	'85 May	94	10.22	12.76	5.85
$ 25	Australia	5¾	'90 Nov	92	10.50	13.13	6.25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AUSTRIA [illegible]

BELGIUM [illegible]

CANADA [illegible]

Amt	Security	%	Middle Mat	Price	Yield Ave Mat	Yield Life	Yield Curr
$ 200	Brit Columbia Hydro	14¾	'87 May	109½	12.35		13.50
$ 150	Brit Columbia Hydro	15¼	'93 Jul	115	13.34		13.34
$ 200	Brit Columbia Hydro	11¾	'93 Oct	98	12.10		11.99
cn$ 25	Brit Columbia Mun Fin	9	'85 Jun	96½	11.84		9.32
$ 54	Brit Columbia Mun Fin	17	'85 Oct	109	11.56		15.60
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DENMARK [illegible]

EUROPEAN INSTITUTIONS [illegible]

FINLAND [illegible]

FRANCE [illegible]

GERMANY [illegible]

GREECE [illegible]

HOLLAND [illegible]

ICELAND [illegible]

INTERNAT INSTITUTIONS [illegible]

IRELAND [illegible]

ITALY [illegible]

JAPAN [illegible]

LUXEMBOURG [illegible]

MEXICO [illegible]

MISCELLANEOUS [illegible]

NEW ZEALAND [illegible]

NORWAY [illegible]

PORTUGAL [illegible]

SOUTH AFRICA [illegible]

SOUTH AMERICA [illegible]

SPAIN [illegible]

SWEDEN [illegible]

SWITZERLAND [illegible]

UNITED KINGDOM [illegible]

UNITED STATES [illegible]

(Continued on Page 16)

CONVERTIBLE BONDS

EUROPE [illegible]

JAPAN [illegible]

MISCELLANEOUS [illegible]

UNITED STATES [illegible]

HIGHEST CURRENT YIELDS
On convertibles having a conversion premium of less than 10%.

[illegible]

هكذا من الأصل

هكذا من الأصل

NEW EUROBOND ISSUES

Straight	FRN	Warrant	Conv.	Issuer	Amount (millions)	Maturity	Coupon %	Price	Yield At Offer	Terms
[illegible]				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
•				Amca Int'l	DM100	1991	8¼	100	8¼	First callable at 101½ in 1988.
•				Megal Finance Company	DM150	1994	8¼	99¼	8.36	Callable at 102 in 1990. Sinking fund to start in 1992 to produce a 9½-yr average life. Payable Jan. 1.
•				South Africa	DM200	1991	8½	99¼	8.63	Noncallable.
[illegible]				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
•				European Community	ECU50	1993	11	100	11	Sinking fund to start in 1985 to produce a 6½-yr average life.
•				EIB	ECU50	1989	10⅝	100¼	10.43	Noncallable. Payable Jan. 5.
•				EIB	ECU25	1999	10	91	11.27	Sinking fund will operate in first 5 years and redeem 28% of amount, producing an 11.6-yr average life. Payable Jan. 5.
•				Sté Développement Rég.	ECU20	1990	11⅛	100	11⅛	Noncallable. Sinking fund to start in 1986 to produce a 5-yr average life.
•				Sté Développement Rég.	ECU20	1995	11⅝	100	11⅝	First callable at 102 in 1991. Sinking fund to start in 1991 to produce a 10-yr average life.

Rescheduling of Philippines Debt Suffers Setback

By Carl Gewirtz
International Herald Tribune

PARIS — The planned new loan and rescheduling of some $2 billion owed by the Philippines was set back last week when bankers and the government got into a dispute over some key economic data.

A meeting of bankers scheduled for last Wednesday had been expected to approve the proposal hammered out the previous weekend, but it suddenly became apparent to the banks that the numbers they had been working with may not be correct.

As a result, the bankers have decided to meet again Jan. 3, after a study team dispatched to the Philippines by the International Monetary Fund will have completed its analysis of the situation.

Quick action in January, bankers report, could still permit the new package to be put together in time to allow interest payments to resume before the expiry of the 90-day period (in early February) when U.S. banks will be obliged to start writing down the value of their Philippine holdings.

As expected, Algeria's syndicat-

SYNDICATED LOANS

ed loan was increased a second time and now totals $800 million. While the two increases were intended as a public relations exercise to demonstrate the great demand for Algerian paper (the government was known to want that amount from the outset), the second $50-million increase was achieved only after some members of the syndicate were pressured by the government to step up their commitment.

Italy's Isveimir is back in the market seeking $100 million. The operation is in two parts with $30 million of general finance being raised for six years with interest set at ½-point over the London interbank offered rate for the first three years and ⅝ over Libor thereafter.

The remaining $70 million, which is to be used to finance export contracts, will be available to draw through September and will run for eight years. Interest will start at ½-point over Libor for the first two years and ⅝ over thereafter.

The Italians will pay a ½-point commitment fee on both portions and fees for participation of $5 million split between both portions will total 40 basis points and 35 basis points for lenders participating only in the six-year arrangement.

Ireland is also back in the market, raising £100 million for 10 years. Interest is set at ⅜-point over the interbank rate for the pound for the first three years and ½-point over for the remainder. However, bankers report that the demand for sterling-denominated paper, which for technical reasons was very strong early in the autumn, has waned.

Spain's Iberduero is reported to be looking for as much as $170 million.

A small $16-million loan is being organized for CTA to build luxury apartments in a new tourist resort being built near Tunis. Saudi Research & Development Corp., parent company of CTA, is guaranteeing the 5¼-year loan. Interest will be set at 1½ points over Libor and front-end fees total 1 percent for participations of $2 million.

Fed May Act to Curb Credit Unless Growth Slows

(Continued From Page 15)

tutions must set aside a certain portion of their deposits as a reserve, either in the form of vault cash or as non-interest-bearing deposits at Federal Reserve banks. For the banking system as a whole, the Fed is the only source of reserves, which it supplies by purchasing government securities for cash.

Institutions short of required reserves can borrow them from other institutions — paying an interest rate known as the federal funds rate — or from the Fed. But some institutions always end up with more reserves than they need. If the figure for such "excess reserves" is subtracted from the level of reserves borrowed from the Fed, the result is called "net borrowed reserves." Some analysts also may adjust the level of borrowing from the Fed to eliminate "seasonal" credit extended to some institutions, such as those in agricultural areas.

Beginning in early November, the level of net borrowed reserves jumped up $250 million or so and stayed high for several weeks. Analysts were suprised, and gradually many became convinced that the Fed had tightened slightly. The dissenters, such as Charles Lieberman of Shearson-American Express, said the movements were simply not large enough to be conclusive.

Meanwhile, the federal funds rate was not rising particularly and, in the last two weeks of November, it actually dropped to an average of just over 9.25 percent, about 0.1 to 0.2 percentage points lower than it had been through most of October and early November.

When asked recently in New York whether the Fed had tightened, the Fed's chairman, Paul A. Volcker, replied, "There haven't been any major changes in posture" in recent weeks.

That wasn't categorical enough for some anxious market participants, however, and they quickly noted the word "major" did not rule out the sort of minor change they thought had occurred.

Federal Reserve officials are both bemused by and concerned about the tendency of market participants at times to overinterpret the financial tea leaves of Fed policy. As changes in the federal funds rate have become much smaller than they were in the 1979-to-1982 period, the markets have become more sensitive to nuances and subtleties of Federal Reserve market operations. In this case, the analysts spied a change that did not occur, Fed sources say.

"The market is so anxious that it is whipping itself around," said an analyst for a major government securities dealer. "Movements in rates are being reversed rather quickly, and often the last guy to buy a position (in government securities) is losing money."

Another analyst based in Boston noted that prices for long-term bonds have not improved recently and said that the market has every reason to be anxious.

At its February meeting, if not this week, the FOMC again will have to decide how much weight to put on the monetary aggregates M-1, M-2 and M-3 as intermediate targets for the real economic goals it is seeking. This year, M-1 was given only a "monitoring" range, while the broader aggregates were given official target ranges. The three aggregates have moved in sometimes diverse ways this year.

Progressive deregulation of financial institutions and the types of deposits they can offer has affected movements of the aggregates in different ways and made their meaning less certain than in the past. Some FOMC members are confident that the distortions of M-1, at least, are over and that its links to the real economy have been reestablished. Others are not.

"I myself feel quite comfortable with our current approach in the present circumstances," Mr. Solomon said. "The changing character of the monetary aggregates not only requires more flexibility in setting — and resetting, if need be — the long-term targets. It also argues for a less mechanistic response to their shorter-term movements."

Such sentiments will do little to relieve the anxieties of a money market looking for clearer signs of what the Fed is up to each day.

Massey May Purchase Some of Rolls-Royce

Reuters

LONDON — Massey-Ferguson Ltd. will buy the civil and military diesel business of Britain's Rolls-Royce Ltd. in a transaction valued at some £20 million ($28.6 million), it was reported Sunday.

London's The Sunday Times newspaper said the agreement followed lengthy talks involving the British and Canadian governments. Massey's chief, Victor Rice, will visit Britain Wednesday to finalize the agreement, it added.

Mesa Chief Challenges Report on Gulf Trust Plan

United Press International

AMARILLO, Texas — T. Boone Pickens Jr., chairman of Mesa Petroleum Co., has challenged a report prepared by Morgan Stanley & Co. that concluded a royalty trust would not greatly increase the value of Gulf Oil Corp. stock, and has accused Morgan Stanley of inconsistency.

Mr. Pickens, whose Mesa-led investment group owns about 13 percent of Gulf stock, has proposed that Gulf spin off earnings from its U.S. oil and gas properties into a type of tax shelter known as a royalty trust.

Mr. Pickens maintains that distributions from the royalty trust plus the remaining Gulf stock would be valued at $70 to $80 a share before taxes.

But an analyst for Morgan Stanley, the New York investment banking firm, said the value of Gulf stock would only be about $50 a share before taxes if the royalty trust were adopted. Gulf stock now is selling for about $43 a share.

Mr. Pickens said Friday that earlier this year Morgan had represented Mesa in a study on how royalty trusts could be distributed by two major oil companies in connection with possible business combinations with Mesa.

At that time Morgan advised Mesa that royalty trust distributions could create "substantial value and increased cash flow to shareholders while avoiding the double-taxation," Mr. Pickens said.

He said that Morgan also indicated that a royalty trust covering 45 to 50 percent of a company's domestic oil and gas reserves could enhance shareholder value by more than 75 percent.

"The inconsistency of the analyses prepared by Morgan Stanley while advising Mesa and the recent analyst's report on Gulf Oil raises serious questions about the objectivity and motives of Morgan Stanley," Mr. Pickens said.

Foreign-Car Recalls in U.S. Exceed Domestic Ones

By Warren Brown
Washington Post Service

WASHINGTON — Foreign automakers will recall more vehicles than their domestic competitors this year for the first time in the history of the federal government's auto-safety program.

Nearly 2.9 million imported vehicles were recalled between Jan. 1 and Dec. 1, compared with 2.5 million U.S. models. Most of the recalls were voluntary.

Unless there is a major domestic recall between now and the end of the year — a remote possibility — foreign vehicles will finish ahead of domestics in annual recalls, for the first time since the National Highway Traffic Safety Administration began keeping records in 1966.

Auto industry officials and analysts say the turnaround does not mean a degradation in the overall quality of foreign vehicles sold in the United States. Instead, the consensus is that the imported vehicles have become the victims of their own success.

More imported vehicles are being sold to the United States than ever before. For example, the imports' share of the U.S. auto market has risen from 0.5 percent to 1953 to 26 percent today. The larger the vehicle population, the greater the chance for defects to show up in that population, industry officials and analysts say.

The imported car population in the United States also is growing older. Thus, German and Japanese gas savers that Americans snapped up during the energy crises of the 1970s are beginning to display some built-in problems, officials say.

More foreign automakers are introducing completely new models in the U.S. market earlier than in the past, when the models arrived in the United States with obvious bugs worked out. As domestic markets become saturated, the U.S. market is a good alternative, and Japanese and other foreign automakers are shipping their new cars to the United States faster.

For example, Japan's 1984 Honda Civic CRX-hatchback was introduced in the United States this autumn, only six months after its introduction in Japan as the Honda Ballade Sports CRX. Honda announced over the weekend that it voluntarily is recalling 10,421 of its 1984-model Honda Civic CRXs, about 26 percent of which may have faulty hood latches.

Suburu, the Japanese auto distributor, has the highest rate of recalls as a percentage of sales of any car company doing business in the United States. Company officials said they have recalled 874,097 cars for various safety defects since 1977, and that they have sold 850,112 cars in the same period.

The vice president of Subaru of America, Alan B. Ross, said: "We see recall activity as a pursuit of the most total owner satisfaction. We don't see recalls as a stigma."

The public relations director for Honda in Washington, Toni Harrison, said: "Many foreign companies have been more willing to recall their cars, rather than have a problem dragged through the mud."

But consumer advocates at the Washington-based Center for Auto Safety are critical of Honda. The center, a longtime irritant to domestic and foreign automakers alike, has accused Honda of ignoring many customer complaints about premature rusting on 1975-1980 Honda cars, and of taking a less-than-noble attitude toward customers with complaints about head gasket failure in 1976-80 models.

U.S. Court Refuses to Enjoin Maker Of Alleged Copies of Homely Dolls

United Press International

NEW YORK — A federal court judge has denied a request by Cabbage Patch Kids' creators to bar the sale of what the company called imitations of the hottest children's gift this Christmas season.

Original Appalachian Artworks Inc., which licenses manufacture of Cabbage Patch Kids to Coleco Industries, argued in U.S. District Court Friday that Flower Kids made by Blue Box Toy Factory, USA Ltd. were deliberately made to look like the homely Cabbage Patch Kids.

But Paul Friedland, a lawyer for Blue Box, denied the charges, saying the dolls were distinctly different. "We submit our dolls are not as homely as the Cabbage Patch Kids," he said.

On Saturday, Judge Abraham Soafar denied a request for a temporary injunction against production of the Flower Kids.

Lawyers for the Cabbage Patch Kids' creators could not be immediately reached for comment.

Children's demand for the cuddly, stuffed dolls has all but exhausted the supply and has reportedly started riots in shopping malls over the few that remain.

Cabbage Patch Kids have a belly button, fingers, toes and disposable diapers and come with adoption papers and a birth certificate. The Flower Kids lack those features, Mr. Friedland said.

Consolidated Trading Of NYSE Listings

Week Ended Dec. 9

	Sales	High	Low	Last	Ch'ge
ATT	23,303,200	65	63½	63½	—1⅛
ATT wi	20,748,100	20½	19	19⅝	—1¼
DiamS	11,430,200	20¼	18	20	—3⅛
IBM	5,213,800	122	117⅛	122¼	+4⅝
PanAM	4,599,200	9	8⅝	8⅝	+⅛
HouInd	4,093,200	20⅞	20	20⅝	—½
BoxtTr	3,953,700	23¼	21⅞	22½	+1¼
Exxon	3,877,700	38⅞	37¾	38⅞	+½
MidSUt	3,149,100	15⅛	14⅝	14⅞	—⅛
MerLy	2,964,200	34⅛	31½	32⅝	—1⅝
Kmart	2,925,800	37	34⅝	35	—2¼
AExp	2,893,000	34½	32	32¼	—¾
DrPepp	2,854,400	22⅝	20⅞	21¼	+⅞
Chryslr	2,842,400	29⅞	27⅝	28⅝	+⅞
JohnJn	2,785,100	42⅝	39⅝	40¼	—1⅝
GMot	2,778,100	75¼	72⅝	75	+2
StdOOh	2,648,800	43⅞	41¼	43⅜	—2⅛
SuprOil	2,606,900	36½	34⅜	36	+1⅝
GenEl	2,591,300	58⅞	56⅜	57½	+½
NYNX	2,575,100	61⅞	60½	61½	+⅝

Issues Traded In: 2,246
Advances: 901 ; declines: 1,097
unchanged: 248
New highs: 131 ; new lows: 136

Volume

This week	478,500,000 shares
Last week	501,070,000 shares
1982 same week	469,480,000 shares
1983 to date	20,420,176,990 shares
1982 to date	15,511,360,000 shares
1981 to date	11,299,660,000 shares

Kredietlux Indices — Dec. 8

(Base 100 May 1, 1977)

Industrials, US $	95.765
Int'l Institutions	98.415
Canadian $	102.973
UC 17	105.013
UC 9	88.223
DM	98.767
Guilders	101.675
FF	127.123
F Lux	100.072

Consolidated Trading Of AMEX Listings

Week Ended Dec. 9

	Sales	High	Low	Last	Ch'ge
DorGas	2,047,000	21⅞	19⅞	21⅞	+4⅞
Vrblm	1,439,900	18⅝	16	17⅞	—⅞
WangB	907,400	34¼	32½	33⅝	
DomeP	710,300	3⅝	3⅛	3½	—⅛
EchoB	666,600	8⅛	7⅝	8	+¼
PetLew	623,400	11⅞	11	11⅛	—⅝
TexAir	566,000	5½	5	5¼	—¼
Amdhl	565,400	18⅝	16¾	18¼	+⅝
KeyPh	496,700	17⅝	16	16¾	—1
TIE	479,500	30⅞	27¼	27½	—2⅜

Volume: 33,700,000 shares
Year to Date: 1,981,580,000 shares
Issues traded in: 930
Advances: 325 ; declines: 467
Unchanged: 138
New Highs: 47 ; new lows, 27

Gold Options (prices in $/oz.)

Prices	Feb.	May	Aug.
390	12.50-14.50	— —	— —
410	6.00- 8.00	15.00-17.00	— —
430	1.75- 3.25	6.50- 8.50	17.50-20.50
450	0.75- 1.50	3.50- 5.00	9.50-12.00
470	— —	— —	5.25- 7.25

Gold : 388.20-388.70

International Bond Prices - Week of Dec. 8

Provided by White Weld Securities, London, Tel: 623 1277; a Division of Financière Credit Suisse-First Boston

Prices may vary according to market conditions and other factors

(Continued from Page 14)

Amt	Security	%	Middle Mat	Price	Ave Mat Yield	Life Yield	Curr Yield
$ 25	General Cable Overs	8¼	'87 May	90	11.88	13.95	9.17
$ 50	General Electric	4¼	'87 Dec	90½	9.43		4.70
$ 100	General Electric	12	'89 Oct	105	10.81		11.43
$ 200	General Electric	10	'90 Jul	93⅞	11.37		10.61
$ 100	General Electric	9⅝	'91 Aug	91¼	11.50		10.68
$ 100	General Foods Corp	10½	'95 Jan	93¾	11.34		11.06
$ 25	General Mills	5	'86 Mar	95	10.57	12.27	8.42
$ 100	General Motors	11	'86 Apr	99¾	11.12		11.03
$ 80	General Motors	8¾	'86 Aug	94½	11.17	11.58	9.26
$ 100	General Motors	11¾	'87 Oct	100½	11.58		11.49
$ 65	Georgia-Pac Fin Eu-ws	14⅝	'87 Apr	105	12.72		13.51
$ 125	Getty Oil Intl	14	'89 May	105⅛	12.62		13.30
$ 300	Gmac Overseas Fin	14½	'84 Nov	104½	11.10		15.79
$ 100	Gmac Overseas Fin	11	'84 Dec	100¼	10.75		10.97
$ 150	Gmac Overseas Fin	15¼	'85 Apr	105	11.85		14.52
$ 100	Gmac Overseas Fin	13⅜	'85 Apr	102	11.73		13.11
$ 100	Gmac Overseas Fin	9¼	'86 Jul	96	11.08		9.64
$ 100	Gmac Overseas Fin	15	'87 May	106⅝	12.52		14.05
$ 100	Gmac Overseas Fin	14¾	'87 Jul	102	14.01		14.46
$ 100	Gmac Overseas Fin	12	'87 Oct	102¼	11.25		11.74
$ 100	Gmac Overseas Fin	12⅞	'88 Feb	102⅞	12.01		12.53
$ 100	Gmac Overseas Fin	16	'90 Feb	113¾	11.75		14.07
$ 100	Gmac Overseas Fin	14½	'88 Aug	107¾	12.41		13.52
$ 125	Gmac Overseas Fin	15	'89 May	108⅛	12.84		13.86
$ 200	Gmac Overseas Fin	10½	'90 Feb	95½	11.54		10.99
$ 100	Gmac Overseas Fin	11⅛	'90 Oct	99¼	11.53		11.46
$ 75	Goodyear Overseas Fin	12½	'87 Jun	100½	12.31		12.44
$ 50	Gould Intl Finance	9¾	'85 Mar	98¾	11.31	12.32	9.92
$ 50	Gte Finance Nv	9½	'84 Mar	100	9.49		9.50
$ 30	Gte Finance Nv	13⅝	'86 Jan	103	12.09		13.25
$ 50	Gte Finance Nv	15⅝	'86 Jun	105½	12.90		14.81
$ 50	Gte Finance Nv	13¾	'87 May	103	12.63		13.35
$ 55	Gte Finance Nv	9¾	'88 Jul	91	12.01	12.52	10.71
$ 16	Gte Internat.	5¼	'86 Nov	93½	10.89	11.91	8.82
$ 175	Gulf Oil Finance	14¼	'87 Apr	101	13.39		14.11
$ 100	Gulf Oil Finance	12¼	'87 Oct	102¼	11.50		11.58
$ 100	Gulf Oil Finance	10⅞	'94 Dec	97¾	11.42		11.96
$ 60	Gulf States Overseas	17½	'84 Oct	111	14.26		15.77
$ 60	Gulf States Overseas	16	'90 Apr	107½	14.17		14.88
$ 50	Gulf & Western Intl	8¾	'84 Feb	99½	10.92		8.79
$ 35	Gulf & Western Intl	9¾	'84 Aug	98⅞	12.23		9.90
$ 15	Haas Overseas Cap.	8¾	'86 Jun	96	10.62	11.36	9.11
$ 50	Hertz Capital Nv	15¾	'88 Apr	107	13.85		14.73
$ 15	Hilton Intl Co.	7¾	'87 Nov	93½	9.79	10.83	8.29
$ 100	Honeywell Intl Fin	10¾	'90 Mar	95¾	11.77		11.23
$ 100	Household Finance	15	'86 Dec	106	13.31		14.15
$ 150	Ibm Credit Overseas	13⅞	'87 Aug	105½	11.98		13.15
$ 100	Ibm World Trade	14⅝	'84 Jun	101⅝	11.17		14.50
$ 60	Ibm World Trade	14⅝	'85 Jul	103⅝	12.16		14.22

[illegible]

HIGHEST YIELDS to Average Life Below 5 Years

[illegible]

HIGHEST YIELDS to Average Life Above 5 Years

[illegible]

HIGHEST CURRENT YIELDS

[illegible]

AUSTRIA

[illegible]

BELGIUM

[illegible]

CANADA

[illegible]

DENMARK

[illegible]

EUROPEAN INSTITUTIONS

[illegible]

DM STRAIGHT BONDS

AUSTRALIA

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

HOLLAND

[illegible]

ICELAND

[illegible]

INTERNAT INSTITUTIONS

[illegible]

IRELAND

[illegible]

ITALY

[illegible]

JAPAN

[illegible]

LUXEMBOURG

[illegible]

MEXICO

[illegible]

MISCELLANEOUS

[illegible]

NEW ZEALAND

[illegible]

NORWAY

[illegible]

PHILIPPINES

[illegible]

SAUDI ARABIA

[illegible]

SOUTH AFRICA

[illegible]

SOUTH AMERICA

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

UNITED KINGDOM

[illegible]

UNITED STATES

[illegible]

Explanation of Symbols

[illegible]

ZERO-COUPON BONDS

[illegible]

Chicago Exchange Options

For the Week Ending Dec. 9, 1983

[illegible]

هكذا من الأصل

Sales in 100s	High	Low	Last	Net Chg
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(Continued from Page 18)

Over-the-Counter

	Sales in 100s	High	Low	Last	Net Chg
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continuation Seen in U.S. Antitrust Policy

By Michael Isikoff and Merrill Brown

Washington Post Service

WASHINGTON — The counterrevolution in antitrust law spearheaded by Assistant Attorney General William F. Baxter was the product of a steady, decade-long rethinking of policy that is likely to outlast Mr. Baxter's departure this Friday, if not the Reagan administration itself, according to many antitrust lawyers and scholars.

If history is a guide, an activist, aggressive Justice Department combined with a sympathetic Congress almost surely would reverse some of the more controversial innovations of the conservative Baxter era, many experts say.

Mr. Baxter's flat refusal to challenge vertical price-fixers — manufacturers and distributors who set their prices at the retail level — would be a prime target of almost any Democratic administration, for example.

Yet much of the rest of the Baxter program probably will endure. Stripped of the antitrust chief's provocative rhetoric — he once talked of the "whacko" theories and "rubbish" opinions of the Supreme Court — his policies represented an emerging intellectual consensus about the importance of economic analysis in shaping antitrust policy.

J. Paul McGrath, the assistant attorney general for the Civil Division, who will assume Mr. Baxter's post this Friday, said: "I think there's been a rather broad shift in thinking about antitrust law over the past decade. There's been more of an interest in looking at things in terms of economic reality."

One force underlying this new consensus has been a recognition of the U.S. need to remain competitive in a fast-changing global marketplace, Mr. McGrath said in an interview. In some cases, this may require degrees of domestic market concentrations and new corporate combinations, particularly in high-technology, high-growth industries, that might have been frowned upon by the antitrust divisions of the past.

"If you look at the merger cases of the 1960s and 1970s, you'll see a discussion of trends in market concentrations," Mr. McGrath said.

"Yet if you look around the country today, you see whole companies and whole industries that didn't exist 10 years ago.

"That has contributed to a much broader public awareness that the people who will be running the economy 10 years from now won't necessarily be the people who are running big corporations today."

Mr. McGrath, 43, a product of the large New York law firm of Dewey, Ballantine, Bushby, Palmer & Wood, declined to be specific about his plans for the Antitrust Division. But he did not quarrel with the assertions of friends and associates that he is more pragmatic and flexible than the ideological Mr. Baxter.

Nevertheless, his general analysis is in keeping with that of many antitrust specialists of both political parties.

Mr. Baxter's infusion of the laissez-faire Chicago School of economic theory into antitrust review almost invariably resulted in the conclusion that corporate mergers and conglomerate takeovers would not damage competition or hurt consumers. Yet the Carter administration antitrust chiefs, John Shenefield and Sanford Litvack, also rarely challenged such mergers, many scholars oote.

"I really don't think the change has been all that dramatic," Mr. Litvack said. The difference under Mr. Baxter, he said, was "in the dialogue." "The results have not been materially different."

What Mr. Baxter represented, therefore, "is an evolution, not a revolution," James Riil, a Washington lawyer and antitrust expert, said. "The trend has been more deep-seated and intellectual and has been accepted to a great degree. So it goes beyond who one particular assistant attorney general happens to be."

What that means, however, is that something fundamental has taken place. Since the days of Theodore Roosevelt and the Progressive movement, the general theme of antitrust enforcement has been suspicion of large corporate power — the so-called "bigness is badness" credo that often gave antitrust law an almost unique political and social dimension.

Yet the old-time populist religion has almost vanished from today's political dialogue. In the 1970s, liberal Democrats such as Philip Hart and Edward Kennedy talked about busting up the oil companies and other corporate oligopolies. Today, Democrats propose "new industrial policies" that envision government loans to big business and antitrust exemptions to permit joint research ventures in high-tech industries.

The upshot is an institutional and policy shift that experts say will be difficult to reverse entirely.

Bankers May Cut Rates on Latin Loans

(Continued From Page 15)

increasing reluctance on the part of many banks to provide new money.

The big loan packages of the past 16 months, largely the result of arm-twisting by the International Monetary Fund, which tied its own lending to that of continued participation by commercial banks, were stop-gap measures, Mr. de Vries said. They were aimed at gaining time to analyze the problem and the breathing space to prevent a breakdown of the international financial system.

Now, he said, it is time to set the framework for a long-term solution.

The official view, as expressed by the IMF, is that by the end of this decade the problem could be eliminated on condition that there is sustained growth of more than 2 percent a year in the industrialized countries, coupled with a decline in interest rates, a rollback of protectionist measures, continued availability of adequate levels of credit and greater levels of foreign direct investment in the developing countries. In addition, the debtor countries themselves will have to adhere to the austerity programs imposed on them by the IMF.

Mr. de Vries does not challenge this scenario. "This strategy is on course," be agreed.

But he worries that even under the most favorable circumstances "it will take the rest of the decade for these countries to reduce their debt-to-export ratios to acceptable levels. But a decade is a long time. And in a long time a lot of things can go wrong. There are no shocks in these assumptions — no oil price shocks, no interest rate shocks, no recession."

In addition, he fears, the implied flow of resources from debtor to creditor countries needed to reduce the debt to manageable proportions will be a "tremendous burden" on the developing countries.

He noted that in the years 1973-81, the capital *inflow* to Latin America exceeded the net interest payments the region had to pay out by an amount equal to 3 percent of the region's total gross national products. But over 1984-1990, the capital *outflow* is projected at the equivalent of 2 percent a year of GNP. GNP is a nation's total output of goods and services.

The 5 percentage-point change, from a plus 3 to a minus 2, and then a sustained annual outflow equal to 2 percent of GNP is a burden that he compares to the one imposed on Germany by the Treaty of Versailles after World War I.

"You cannot have a big economic drain lasting five to six years at a time of major political change that is taking place throughout Latin America. That is not healthy," he said.

To remedy this, he proposes substantial devaluation of currencies, especially in Brazil, to push local manufacturers to export. Brazilian exports, he noted, are equal to only 8 percent of GNP, half the level of Argentina's or Mexico's and a third of Chile's.

"Brazil's problem is not that they have too much debt, it's that they don't export enough," he said.

More realistic exchange and interest rates, coupled with a healthier economic environment, should also encourage the repatriation of the estimated $90 billion that left Latin America in the eight years ending in 1982.

In addition, he said, governments have got to make clear by whatever policy changes that may be necessary that foreign direct investment is again welcome.

Finally, "there has to be interest-rate relief." But rate relief, he stressed, should not simply be given to debtors. "What I am telling bankers is that before you fellows get too generous and just give it away, do it in conjunction with a plan." This should be under the aegis of the international organizations, to increase exports relative to GNP and increase direct foreign investments.

He estimated that a 2 percentage-point cut in interest rates would save Argentina $1 billion a year and Brazil almost $3 billion.

Mr. de Vries said that a 1 percentage-point saving could be made relatively painlessly by setting the base rate for all loans at the London interbank offered rate. Currently, Libor is 1 percentage-point lower than the prime rate of U.S. commercial banks, the widely used alternative base rate.

"Loans have to be based over Libor, it's more realistic," he said. Secondly, banks "should reduce the spreads. Maybe by 1 percent, maybe by 2 percent." Brazil, for example, has been paying a 2 percentage-point spread over Libor on its loans since late 1980.

"More direct investment in Brazil, say of $1 or $2 billion a year, an increase in exports from 8 to 12 percent of GNP and on top of that interest rate relief, I bet you that the resource gap would disappear," he said.

Mr. de Vries, emphasizing that he is not a banker, said he could not go into the mechanics of reducing the interest burden. But he did point out that banks wanting to avoid any impact on profits could instead reduce the amount of money they set aside as reserves for loan losses. The rate relief would enhance the prospect of getting repaid.

A final point he made was that in light of the urgent need to reduce the interest burden of the Third World, interest rates cannot be permitted to increase.

"The world cannot afford a significant increase in interest rates in the United States," he said. And to avoid that prospect, in light of the faster than expected business recovery now under way, he said that President Ronald Reagan will have to accept some increase in taxes as a compromise to get Congress to accept some cut in government expenditures.

Mutual Funds

Closing Prices Dec. 9, 1983

	Bid	Ask
[illegible]	[illegible]	[illegible]

American Exchange Options

For the Week Ending Dec. 9, 1983

Option & price	Calls			Puts		
	Dec	Mar	Jun	Dec	Mar	Jun
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over-the-Counter

NEW YORK (AP)-Weekly Over the Counter stocks giving the high, low, and last bid prices for the week with the net change from the previous week's last bid prices. All quotations supplied by the National Association of Securities Dealers, Inc., are not actual transactions but are representative interdealer prices at which these securities could have been sold. Prices do not include retail markup, markdown or commission.
Sales supplied by NASD

			Sales in 100s	High	Low	Last	Net Ch'ge
A							
A M Fd			1117	7¾	7¼	7¼	— ½
AA Imp			1484	6	5¾	6	
AEC	.10d	.7	76	15¼	14½	15¼	+ ¾
AFP Im			374	5	5	5	
AMCbl			362	5⅝	5¼	5½	+ ¼
AMC En	.03e	.2	78	14¼	13¾	13¾	— ½
AT&E			462	11	8¼	8¾	—2¼
ATE En	1		963	7¾	5½	2	+1½
ATV			190	9½	8½	8½	—1
AamR s			591	17¼	16¾	17¼	+ ¼
Abram4	.32b	3.4	1x	9¾	9½	9½	
AcLosRes			123	6	5⅝	5⅝	— ⅛
Acelrtn	.05e	.4	1438	13¼	10¾	13	+2
[illegible]							

NASDAQ National Market

	Sales in 100s	High	Low	Close	Net Ch'ge
[illegible]					

Treasury Bills

Due	Bid	Ask	Yld
[illegible]			

Source: Federal Reserve Bank.

(Continued on Page 19)

SPORTS

Wilander, Navratilova Take Australian Titles on Straight-Sets Victories

The Associated Press

MELBOURNE — Mats Wilander of Sweden won the men's singles title at the Australian Open tennis tournament with an unexpectedly easy 6-1, 6-4, 6-4 victory over Czechoslovakian Ivan Lendl here Sunday.

Lendl, who had been ailing from a viral infection, seemed lethargic and appeared to lose interest at times. He jokingly offered to concede early in the third set after the Wilander beat him with a superb passing shot.

The tournament's top seed managed to get only three serves into play in the first set and suffered through long baseline rallies against Wilander, a clay-court expert.

It was Wilander's second grand slam title and the fourth time Lendl has lost in a final in trying to secure his first grand slam victory.

The third-seeded Wilander, who entered the open to get experience on grass for Sweden's Davis Cup final against Australia here later this month, said he was surprised by his victory.

"It feels good. Nobody expected me to win on grass, but neither did I," Wilander said.

Lendl said before the match that the 19-year-old Wilander was doing well on grass and would be hard to beat.

"I am very surprised and impressed with him," Lendl said.

Wilander took home the $77,500 first-place prize in the year's final grand slam event, while Lendl won $38,500 as runner-up. The victory also gave Wilander the top spot in the yearlong grand prix points standings and an additional $600,000. Lendl finished second and received $400,000.

Said Lendl afterward: "It always hurts to lose. You have to learn to live with it because that is not the first time I've lost and unfortunately it won't be the last."

Lendl started well, serving two aces in his first service game, but immediately found Wilander prepared to play long rallies rather than taking the risk of coming to the net.

In the third game of the match, there were rallies in which the ball crossed the net 17 times, 36 times and 21 times.

In the next game, Lendl failed to get one first serve into play and Wilander took a 3-1 lead. On his next service, Lendl got one first serve in but Wilander took the advantage with a devastating backhand return and broke again to lead 5-1 before serving out the set.

"When I tried to come to the net I couldn't touch the ball," Lendl said.

The first service break of the 72-minute match's second set went Lendl's way when he polished off the sixth game with a series of volleys at the net. At that point he was getting about 50 percent of his first serves into play. But Wilander broke back in the next game — when Lendl double-faulted at 30-40.

■ **Edmondson, McNamee Win**

Australians Mark Edmondson and Paul McNamee won the Australian Open men's doubles Saturday with a 6-3, 7-6 victory over Americans Sherwood Stewart and Steve Denton.

The match was dominated by the powerful serving of Edmondson and McNamee. But the Americans were able to stay in the match with some good returns and well-judged volleys.

The Associated Press

Martina Navratilova in Saturday's final with Kathy Jordan.

The Associated Press

MELBOURNE — Top-seeded Martina Navratilova held off a second-set bid by Kathy Jordan to win the women's singles title at the Australian Open tennis tournament with a 6-2, 7-6 victory here Saturday.

Navratilova dominated the first set, but her U.S. compatriot came back to pose a strong challenge. Jordan saved two match points to force a tie breaker and salvaged another four match points before Navratilova's brilliant serve-and-volley game gave her her second Australian title in three years as she took the tie breaker, 7-5.

Jordan, seeded ninth, improved her game as she got a bigger percentage of the first serves into play. But she was never able to equal the serving of the world's top women's player who has lost only one match this year — on the slow clay of the French Open to Kathy Horvath in May

Jordan noted after the match that the sun was still shining and, despite her loss, she was not despondent. "I can't feel bad on a day like this," she said.

Navratilova said later of the final set, "f have a way of making it tighter then it needs to be. Overall, I played pretty well on my serve but I didn't return as well as I would have liked."

Navratilova took 78 minutes to add the Australian title to the U.S. Open and Wimbledon crowns she won earlier this year. She needs only the 1984 French Open title to win a $1 million bonus for taking all four grand slam tournaments in succession.

Navratilova quickly used her power and mobility to take a 3-1 lead in the first set. She continued to show power and accuracy and raced through the set in 27 minutes.

Although Jordan broke back once in the first set, she put only 14 out of 24 first serves into play and had trouble attacking navratilova on her second serve.

"I tried mainly to stay with her," Jordan said. "If she gets a break early, she starts rolling — steamrolling."

As her serve improved in the second set, Jordan's confidence increased and she was able to break Navratilova's serve with a backhand return down the line to take a 2-1 lead. Jordan held for 3-1 and pressed Navratilova again in the next game, twice reaching deuce.

But Navratilova broke back when Jordan missed an easy volley at deuce in the sixth game after Navratilova had fallen near the net.

The second set then went with serve until Navratilova led 6-5 and tried to wrap it up.

Jordan's serve-and-volley tactics were vulnerable to Navratilova's determined passing shots. But Jordan saved two match points with big serves to force the tie breaker.

Jordan let Navratilova get away to a 6-1 lead in the tie break before fighting off another four match points with excellent passing shots and two big serves. "I started being more aggressive. f started going for it," Jordan said. "I mean, what's the worst thing that can happen? There's plenty of things worse than losing a final."

The victory was worth $75,000 to Navratilova, raising her tournament winnings so far this year to $1,443,030. Jordan won her biggest prize of tbe year, picking up $38,000.

On Sunday, Navatilova and Pam Shriver successfully defended their doubles crown, topping Anne Hobbs of Britain and Wendy Turnbull of Australia, 6-4, 6-7, 6-2.

Leonard Says He'll Return to Boxing

The Associated Press

WASHINGTON — Sugar Ray Leonard, who retired as the undisputed welterweight champion last year after eye surgery, says he will fight again.

"It's not a comeback. I am back," the 27-year-old fighter said Saturday night after he boxed a six-round exhibition against two opponents at Andrews Air Force Base. "Now I have to get into serious shape."

He said his first fight in the comeback would be a tuneup in February or March. An opponent has not been decided upon.

Asked whom be would like to fight, Leonard mentioned several opponents, including Marvelous Marvin Hagler, the undisputed middleweight champion; Roberto Duran, the World Boxing Association junior middleweight titlist; Thomas Hearns, the World Boxing Council super welterweight champion, and the two welterweight champs — Milton McCrory and Donald Curry.

When Saturday's six-round exhibition was announced last week, Leonard said, "I just want to stay in shape."

He appeared to be in fighting trim at 151 pounds after boxing three rounds each against Herman Epps and Odell Leonard, who is not related.

Leonard announced his retirement Nov. 9, 1982, five months after be had undergone surgery for a detached retina of the left eye.

At the time, he had a 32-1 record with 23 knockouts and beld the undisputed welterweight title after voluntarily giving up the WBA junior middleweight title.

"Actually it's the challenge," Leonard said of his decision to fight again, which he said be had reached while working out three or four weeks ago.

"I felt I was denied making history. I see something I'm destined to become. I just don't know what it is."

UPI

Ray Leonard after surgery '... I am back.'

Hess Wins 2d Race of World Cup Season; Enn Victor

United Press International

VAL D'ISERE, France — Switzerland's world champion Erika Hess, back to her fluent best, set the fastest times in both legs Sunday to win a Women's World Cup giant slalom race.

Weaving gracefully through the 49 gates on each run, Hess had a lead of six-tenths of a second after the first leg. She increased the edge in the second beat to take the fourth cup giant slalom victory of her career in 2 minutes and 24.11 seconds.

It was a repeat performance of her victory here last year and followed the 21-year-old's triumph 10 days earlier in the season-opening slalom at Kranjska Gora, Yugoslavia.

On Saturday, Austrian Hans Enn groped his way through a near-blizzard and fog more capably than anyone else to win a men's cup supergiant slalom bere.

Only 68 of the 108 starters completed a course of 1,876 meters (6,130 feet).

The dropout and disqualification rate of nearly 40 percent was caused by racing conditions that created several surprises.

Enn clocked 1 minute, 36.26 seconds through the run's 49 gates, with Pirmin Zurbriggen of Switzerland taking second in 1:36.73 and Jure Franko of Yugoslavia third in 1:37.02.

Frenchwoman Perrine Pelen put in two fine runs to finish second Sunday in 2:25.06, ber best giant slalom result in nearly four years. Hanni Wenzel of Liechtenstein came in third, clocking 2:25.79, for her best placing since finishing third last year.

U.S. defending World Cup champion Tamara McKinney, joint second with Pelen after the first leg, faded in the second. Although she made no serious mistakes, McKinney could not ski fast enough to challenge the more relaxed Hess and finished fourth, 2.03 seconds off the pace.

Apart from McKinney, the other two Americans in the top-seeded group failed to finish. Christin Cooper fell on the second run, going too straight and too fast, while Cindy Nelson tumbled in the first heat and aggravated an old knee injury.

Nelson is not expected to rejoin the cup circuit until the new year, compromising her chances of Olympic selection.

In the men's supergiant, Franck Piccard of France, one of six low-rated skiers sent down the course to act as snowplows for the favored racers, managed the day's fourth-best time, 1:38.09. Piccard, a two-time world junior downhill champion, had never won World Cup points.

Snow had been falling constantly in Val D'Isere for more than 15 hours before the race, and continued throughout. A strong wind at the start, 2,335 meters above sea level, created swirling snow; the racers also had to navigate through a fog bank lower lower down the course.

That seemed not to bother Enn, who said: "Skiing is a winter, outdoor sport."

Switzerland's Peter Müller, who won the supergiant here last season, was among those who could not handle Saturday's conditions. He fell on the upper part of the course; he continued down, dispirited and in an almost upright position, knowing he had been disqualified for missing a gate.

Six other skiers among the top 30 failed to make it to the bottom, including Austrian Harti Weirather, who had jointly led the cup standings before Saturday.

Zurbriggen, like Enn a giant slolom specialist, was pleased with his showing after losing his form in the latter half of last season.

WOMEN'S GIANT SLALOM

1. Erika Hess, Switzerland, 1:10.08-1:14.03 — 2:24.11
2. Perrine Pelen, France, 1:10.68-1:14.38 — 2:25.06
3. Hanni Wenzel, Liechtenstein, 1:10.93-1:14.86 — 2:25.79
4. Tamara McKinney, U.S., 1:10.68-1:15.46 — 2:26.14
5. Carole Merle, France, 1:11.83-1:14.50 — 2:26.33
6. Irene Epple, West Germany, 1:11.42-1:15.57 — 2:26.99
7. Olan Charvatova, Czechoslovakia, 1:11.98-1:15.14 — 2:27.12
8. Michela Figini, Switzerland, 1:10.72-1:16.76 — 2:27.48
9. Elisabeth Kirchler, Austria, 1:11.91-1:16.08 — 2:27.99
10. Marina Kiehl, West Germany, 1:12.16-1:15.87 — 2:28.03
11. Monika Hess, Switzerland, 1:12.07-1:16.30 — 2:28.37
12. Blanca Fernandez-Ochoa, Spain, 1:12.65-1:16.35 — 2:29.00
13. Anni Kronbichler, Austria, 1:12.32-1:16.91 — 2:29.33
14. Maria Walliser, Switzerland, 1:12.49-1:16.77 — 2:29.26
15. Sonja Stotz, West Germany, 1:12.37-1:16.96 — 2:29.33

WOMEN'S OVERALL STANDINGS

1. Irene Epple, 80 points
2. Hess, 75
3. Wenzel, 47
4. Walliser, 44
5. McKinney, 39
6. Ariane Ehrat, Switzerland, 31
7. Kiehl, 30
8. Lea Sölkner, Austria, Charvatova and Figini, 27.

MEN'S SUPERGIANT SLALOM

1. Hans Enn, Austria, 1:36.26
2. Primin Zurbriggen, Switzerland, 1:36.73
3. Jure Franko, Yugoslavia, 1:37.02
4. Franck Piccard, France, 1:38.09
5. Franz Heinzer, Switzerland, 1:38.14
6. Jacques Luthy, Switzerland, 1:38.22
7. Guenther Mader, Austria, 1:38.55
8. Max Julen, Switzerland, 1:38.80
9. Peter Roth, West Germany, 1:38.87
10. Thomas Bürgler, Switzerland, 1:39.01
11. Bojan Krizaj, Yugoslavia, 1:39.11
12. Marc Girardelli, Luxembourg, 1:39.13

MEN'S OVERALL STANDINGS

1. Heinzer, 65 points
2. Zurbriggen, 40
3. Andreas Wenzel, Liechtenstein, 38
4. Harti Weirather, Austria, and Erwin Resch, Austria, 35
6. Urs Räber, Switzerland, 33
7. Todd Brooker, Canada, 30
8. Enn, 25
9. Steve Podborski, Canada, 24
10. Peter Popangelov, Bulgaria, and Bruno Kernen, Switzerland, 20

The Associated Press

Hans Enn in Val d'Isere: 'Skiing is a winter, outdoor sport.'

Bradshaw Leads Steelers to Playoffs

Compiled by Our Staff From Dispatches

NEW YORK — Terry Bradshaw, playing for the first time this season after suffering complications from off-season elbow surgery, carried Pittsburgh to at least a wild-card National Football League playoff berth by throwing for two touchdowns in the three series he played and sparking the Steelers' 34-7 rout of the New York Jets here Saturday.

Bradshaw, who in his 14-year career has led the Steelers to four Super Bowl victories, threw a 17-yard TD pass to rookie Gregg Garrity in the first period and a 10-yarder to Calvin Sweeney early in the second.

Bradshaw sustained a bruise on his injured right elbow throwing the pass to Sweeney and did not return to action.

Cliff Stoudt, who replaced Bradshaw with a 14-0 lead, added touchdown passes of 13 yards to Bennie Cunningham and 18 yards to Sweeney and Gary Anderson had field goals of 29 and 40 yards for the Steelers.

New York's only touchdown was a 27-yard pass from Pat Ryan to Lam Jones in the third period.

Bradshaw underwent elbow surgery in March and aggravated the injury in May.

Reinjuring his elbow early in training camp, Bradshaw was placed on injured reserve and a few weeks ago said he felt his career might be ended.

But on Saturday he looked the Bradshaw of old, completing 5-of-8 passes for 77 yards and the two touchdowns in just 20 plays.

Seahawks 17, Giants 12

In East Rutherford, New Jersey, Dave Krieg capitalized on two turnovers for first-half touchdown passes and Seattle went on to a 17-12 triumph over the New York Giants. Seattle (8-7) improved its chances for an American Conference wild-card spot while New York, winning once in the last 11 weeks, fell to 3-11-1.

Krieg threw scoring passes of 12 yards to Steve Largent in the opening quarter and 6 yards to Paul Johns in the second as the Seahawks took a 17-6 halftime advantage. Beating the Giants for the first time in four meetings, Seattle limited New York to four field goals by Ali Haji-Sheikh.

Saints 20, Eagles 17

In Philadelphia, Morten Andersen's 50-yard field goal 5:30 into overtime gave New Orleans a 20-17 victory over the Eagles and kept alive the Saints' bopes for a playoff berth. Andersen earlier had kicked a 52-yarder for a 17-3 lead, but Philadelphia rallied for a pair of late touchdowns.

The Saints started the winning drive from their 32 after a fair catch of a punt. With third down and 12, quarterback Ken Stabler passed 15 yards to Gene Goodlow for a first down at the Saint 45. Stabler then hit Goodlow for 21 yards to the Eagle 34. After New Orleans gained only three yards on the next three plays, Andersen came in to kick the winner.

The Eagles had tied the score, 17-17, with 3:57 remaining in the final period. They drove 58 yards on seven plays, quarterback Ron Jaworski capping the march with a 7-yard pass to wide receiver Harold Carmichael. Philadelphia had a chance to win with 18 seconds left in regulation, but Tony Franklin's 42-yard field goal effort was wide right.

Bears 19, Vikings 13

In Minneapolis, fullback Matt Suhey rushed for 101 yards and threw a 74-yard touchdown pass to backfield mate Walter Payton as Chicago downed Minnesota, 19-13. It was the first victory for the Bears in Minnesota since 1971 and ended the Vikings' plyoff hopes. Minnesota failed to score with 1:30 left and a first-and-goal from the Chicago 5-yard line.

The winners' Bob Thomas had a 22-yard field goal in the fourth quarter and a 42-yarder in the first quarter. The other Bear score came with 37 seconds left in the half, when quarterback Jim McMahon found tight end Emery Moorehead wide open on a 2-yard TD toss.

Oilers 34, Browns 27

In Houston, wide receiver Tim Smith caught two touchdown passes, the second a 43-yarder with 6:17 to play, rallying the Oilers to a 34-27 victory over Cleveland. The Browns dropped to 8-7 with one game remaining — next week against Pittsburgh. The Oilers are 2-14.

Houston, which blew an early 24-6 lead, completed its comeback with a two-play, 65-yard drive that led to Smith's game-winning catch. Quarterback Oliver Luck had hit Smith on a 22-yarder on the previous play.

The comeback nullified a three-touchdown performance by Mike Pruitt, who went over the 1,000-yard mark for the fourth time in five seasons. Pruitt scored once late in the second quarter and twice in the third to put the Browns ahead, 27-24. But Florian Kempf's 39-yard field goal tied it at 27-27 with 29 seconds left in the third period.

49ers 23, Bills 10

In Orchard Park, New York, Joe Montana threw a short touchdown pass to Roger Craig and Ray Wersching kicked three field goals as San Francisco shut down Buffalo, 23-10. The 49ers (9-6) remain alive in the title race in the National Conference West. The loss dropped the Bills to 8-7.

Buffalo was leading, 10-6, when Robb Riddick fumbled the second-half kickoff at the Bill 41. Seven plays later, Montana threw a 4-yard TD pass to Craig, who went in untouched. On its next possession, San Francisco went 50 yards and scored on a 1-yard run by Wendell Tyler. Wersching added a 30-yard field goal at 8:30 of the fourth quarter.

Dolphins 31, Falcons 24

In Miami, backup quarterback Don Strock completed his first 11 passes, two of them for touchdowns, to lead the Dolphins to a 31-24 victory over Atlanta on Saturday and a home-field advantage in the opening round of the playoffs.

Strock was making his first start since 1981 and, except for replacing injured rookie Dan Marino in the final five minutes last week, saw his first action as a quarterback in nearly a year. He threw scoring passes of 7 yards to tight end Joe Rose and 15 yards to Tony Nathan in the first half. (UPI, AP)

NBA Standings

EASTERN CONFERENCE

Atlantic Division	W	L	Pct.	GB
Philadelphia	15	5	.750	½
Boston	17	4	.739	—
New York	14	8	.636	2½
New Jersey	10	9	.526	5
Washington	9	12	.429	7
Central Division				
Milwaukee	14	4	.708	—
Detroit	10	11	.476	4½
Atlanta	10	12	.455	5
Cleveland	8	15	.348	7½
Chicago	5	14	.263	8½
Indiana	5	16	.238	9½

WESTERN CONFERENCE

Midwest Division	W	L	Pct.	GB
Dallas	14	7	.667	—
Utah	13	10	.565	2
Denver	11	10	.524	3
Kansas City	10	11	.476	4
San Antonio	9	15	.375	4½
Houston	8	14	.364	4½
Pacific Division				
Los Angeles	14	5	.737	—
Portland	14	8	.636	1½
Golden State	11	11	.500	4½
Seattle	10	11	.476	5
Phoenix	8	14	.364	7½
San Diego	7	16	.304	9

Friday's Results

Boston 119, Denver 90 (McHale 21, Bird 17; Anderson 16, English 12).
New Jersey 108, Philadelphia 93 (Birdsong 21, King 20; Malone 21, Erving 19).
Indiana 110, Atlanta 104 (Williams 29, Kellogg 26; Roundfield 30, Davis 24).
Milwaukee 96, Cleveland 83 (Moncrief 27, Johnson 26; Hubbard 17, Bagley 16).
Houston 115, Chicago 112 OT (Lloyd 31, Sampson 28; Woolridge 19, Theus, Corzine 17).
San Antonio 126, Utah 117 (Mitchell 36, Gervin 35; Drew 35, Dantley 31).
Portland 122, Detroit 117 (Thompson 28, Natt 23; Tripucka 36, Long 16).
New York 111, San Diego 92 (King 27, Williams 22; Nixon 19, Pierce 13).
Seattle 132, Dallas 124 (Sikma 26, Williams 23; Aguirre 39, Ellis 23).

Saturday's Results

Boston 104, Atlanta 87 (Maxwell 17; Parish 24; Roundfield 22, Wilkins, E. Johnson 18).
San Antonio 125, Washington 102 (Gervin 34, Mitchell 26; Ruland 30, Sobers 20).
Cleveland 101, Chicago 95 (Robinson 22, Shelton, Bagley 12; Woolridge 25, Corzine 17).
Kansas City 119, Indiana 103 (E. Johnson 22, Knight 22; Williams 15, Kellogg, Sichting 12).
Utah 128, Houston 121 (Dantley 28, Green 21; Sampson 34, Lloyd 19).
Phoenix 109, San Diego 93 (Davis 24, Lucas 23; Cummings 27, Nixon 14).
Dallas 126, Golden State 122, OT (Aguirre 40, Blackman 25; Carroll, Floyd 27, Short 19).

Baseball Owners: A Late-Fall Classic

By Thomas Boswell

Washington Post Service

NASHVILLE, Tennessee — A nice parallel exists between the town of Nashville and the baseball winter meetings that were concluded here last week.

The mood of both the town and the convention ranged from classically dignified to vibrantly tangy to gawdawful tacky.

Nasbville, called the Athens of the South, offered thousands of baseball guests a banquet of classy treats. From the gardens of Andrew Jackson's home, The Hermitage, to the magnificence of the Parthenon (a full-scale replica of the Greek temple on the Vanderbilt campus) to the venison braised in cognac at Arthur's, Nashville showed it could be big league.

For its part, baseball also had a couple of class acts.

Dr. Bobby Brown, the new American League president, returned to the game with a scholar-athlete style that might have pleased the tastes of the ancient Greeks. At the hot corner for the Yankees or in heart surgery in Texas, Brown has always exuded the glacial composure, the honed practical intelligence and the spice of gentle self-deprecating humor that has come to be known as The Right Stuff.

Moments after Brown's appointment, Bowie Kuhn took the podium and made his last major ceremonial appearance as commissioner. Slim and fit, as if determined to cut his finest figure in his final hour, Kuhn mixed an elegant stoic dignity with a subdued tone of martyrdom. Sophocles might have chuckled, it was so deftly done.

Kuhn is well type-cast as the high-minded idealist who has been slain by the machinations of small-minded hypocrites. A perfectly useful commissioner in an imperfect world and a man of integrity and intelligence, Kuhn is certainly no tragic figure. He's come out of his "20 months of trial" with a bloom in the cheeks. The man's never looked better or been more respected.

What has proved to be a delightful surprise is the way Kuhn has used these interminable months of open-casket viewing to make the men who fired him look like trolls.

With every month, the bitter comments about the arrogance and shallow judgment of Nelson Doubleday, Ted Turner and Augie Busch's surrogate, Lou Susman, seem to multiply. They've been fingered for posterity as the central plotters in the Kuhn coup; all acted from self-interest or mere harboring of grudges.

On the day Kuhn said he'd leave office March 1 and "not one day later," he might well have been able to be re-elected commissioner unanimously had it not been for all the bitter water that had sped beneath so many bridges. The two-year process of his leaving couldn't be undone. And that made his exodus seem all the more preposterous and unnecessary.

In fact, baseball's lingering embarrassment at not being able to find a man of stature and competence to replace Kuhn has come to be seen as a fitting punishment for the sport. The president of Yale, the chief of staff of the White House, the president of the Los Angeles Olympic Organizing Committee all found different ways to say "No."

Everyone who touches Kuhn's ouster seems to get an instant tarring. Bud Selig, the well-intentioned head of the search committee, has the frayed nerves of a burned-out air traffic controller whose tower has been buzzed once too often.

Even James Baker and Peter Ueberroth, the fellows from the White House and the Olympics, respectively, came out of the week with a bad aroma. Baker was widely perceived here as a cynical politician who teased baseball and toyed with the commissionership so he could regain lost leverage with the president. Ueberroth is in danger of being thought of as a somewhat greedy fellow who would like baseball to hold the commissionership open for him until August, at which time be might still decide to run for political office in California, if the winds are right.

In the end, it's conceivable baseball could have to beg genial Lee MacPhail to be commissioner. The former American League president took his current job as head of the owners' player relations committee because he thought he could work with his old friend Ken Moffett, former federal mediator and new boss of the players association, to avoid a strike in 1985.

Now, however, a coup in the union, led by Don Fehr, Mark Belanger and agent Dick Moss, has led to the moderate Moffett's departure. Fehr now has the job.

MacPhail may decide he'd rather step up to be commissioner (if the job is offered) and hand the aggravations of dealing with Fehr to a younger, tougher man.

The week in Nashville also had its lighter pleasures.

Listening to Jack McKeon, Whitey Herzog and Dallas Green bray about the delights of hornswoggling somebody in a trade was as invigorating as listening to Bill Monroe, in his three-piece suit and cowboy hat, rip off a few bluegrass licks at the Grand Ole Opry.

Just as Nashville has its inanities, like ancient Minnie Pearl and Roy Acuff still flogging their exhausted material, so baseball offered up its own over-familiar attractions.

First we see George Steinbrenner, the emperor of gaucherie, jogging through lobbies with dozens of cameras and notepads at his heels ("Gonna fire Billy today, George?").

Next in line is Dave Parker, who's spent the last five years eating himself out of the Hall of Fame, pulling a fast one. The Parker Roll has shed a few pounds, shaved his beard and put on a banker's suit so he could convince the square Cincinnati Reds that he'd play their dress-code game for the sake of a $1.6-million contract. Sign today, inflate tomorrow.

It was a week that hardly knew what it was. Each night, baseball's brass sat on the interior balconies of Opryland Hotel suites overlooking a lovely tree-filled atrium. Somewhere, hidden deep in the foliage, sat a musician who would play classical airs, then suddenly vamp into country.

The musician, wearing a spangled, sequined suit worthy of Liberace, was playing a seven-foot-tall, gold-plated harp.

Just as at the meetings themselves, few knew whether to laugh or cry.

U.S. Wins World Cup Golf Over Australia, Canada

The Associated Press

JAKARTA — The team of John Cook and Rex Caldwell won the 30th World Cup golf tournament here Sunday as the United States regained the title from defending champion Spain. The Americans had an 11-under-par total of 565, 7 strokes ahead of Australia and Canada, which tied for second.

Wayne Grady and Terry Gale competed for Australia, while David Barr and Jerry Anderson represented Canada. Ronan Rafferty and Eamonn Darcy of Ireland took fourth place with a 2-under 574. Barr won the individual competition with a 12-under-par 276, three strokes ahead of Caldwell.

Transition

BASEBALL

BALTIMORE—Traded Tim Stoddard, pitcher, to Oakland for Wayne Gross, outfielder.

TORONTO—Traded Barry Bonnell, outfielder, to Seattle for Bryan Clark, pitcher.

National League

NEW YORK—Sent Bob Bailor, infielder, to Los Angeles to complete an earlier deal.

BASKETBALL

National Basketball Association

PHOENIX—Signed Larry Nance, forward, to a 5½-year contract.

FOOTBALL

National Football League

BUFFALO—Named Terry Bledsoe general manager.

DENVER—Placed Rick Upchurch, wide receiver, on the injured reserve list. Activated Riley Odoms, tight end.

United States Football League

BIRMINGHAM—Signed Mike Fuller, safety, to a multiyear contract.

HOCKEY

National Hockey League

HARTFORD—Signed Rollie Boutin, goalie, Tom Cronin, defenseman, and Roberto Lavoie, center.

NHL Standings

WALES CONFERENCE

Patrick Division	W	L	T	Pts	GF	GA
NY Isles	19	9	2	40	131	104
NY Rangers	17	9	4	38	125	107
Philadelphia	17	9	3	37	128	101
Washington	14	15	2	30	104	111
Pittsburgh	6	19	3	15	87	119
New Jersey	5	22	1	11	80	135
Adams Division						
Boston	18	8	2	38	133	87
Buffalo	17	10	3	27	118	109
Quebec	17	11	3	37	150	109
Montreal	13	16	1	37	112	119
Hartford	11	13	3	25	100	112

CAMPBELL CONFERENCE

Norris Division	W	L	T	Pts	GF	GA
Minnesota	15	11	3	33	138	132
Toronto	12	13	4	28	126	137
St. Louis	12	14	3	27	119	126
Chicago	12	15	2	26	100	114
Detroit	10	15	2	22	94	116
Smythe Division						
Edmonton	21	4	3	45	173	119
Calgary	11	13	5	27	104	120
Vancouver	12	15	3	27	123	129
Winnipeg	9	15	4	22	118	141
Los Angeles	7	17	6	20	122	146

Saturday's Games

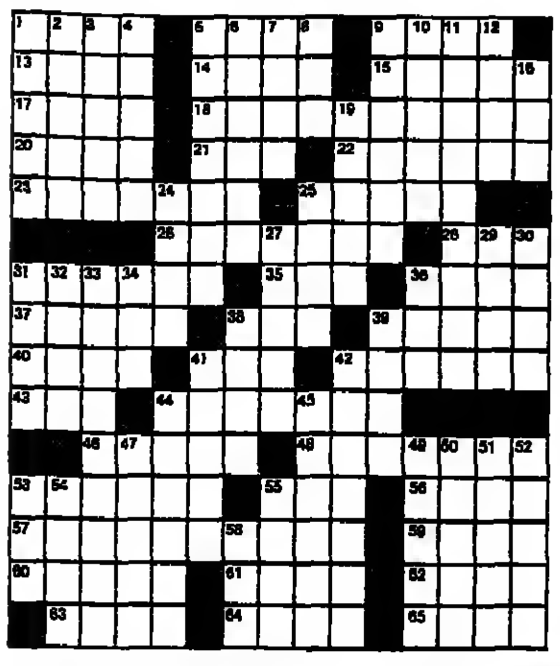
Buffalo 4, Boston 2 (Ruff (4), Hamel (9), Housely (14), Selling (4); Middleton 2 (17)).
Washington 2, Montreal 0 (Gould (7), Jarvis (6)).
Philadelphia 8, New Jersey 2 (Clarke 2 (11), R. Sutter (9), Howe (5), Hochborn 2 (2), Kerr (18), Propp (17); Meagher (4), Lever (5)).
Winnipeg 5, Hartford 5 (Mullen 2 (9), Babych (8), Arniel (10), Hawerchuck (10); Johnson (13), Dunn (4), Turgeon (13), Siltonen (5), Crawford (12)).
Calgary 3, Toronto 2 (MacCoun 2 (3), Eaves (7); Leeman (1), Daoust (10), Vaive (24)).
Vancouver 3, Edmonton 2 (Belland (1), Nill (5), Lupul (9); Hughes (8), Kurri (27)).
St. Louis 8, Detroit 3 (Federko 2 (18), Mullen (9), Gilmour (8), Chouinard (5), Turnbull (13), Hickey (7), Lemieux (3); Ogrodnick (15), Kisio (10), Boldirev (11)).
N.Y. Islanders 4, Minnesota 2 (Tonelli (10), Trottier 2 (18), B. Sutter (18); Broten (14), McCarthy (18)).
Quebec 6, Los Angeles 4 (McKegney (9), Goulet 2 (18), M. Stastny (12), P. Stastny (15), Price (1); MacLellan (14), Dionne (13), D. Smith (3), Nichols (19)).

Gremio Beats Hamburg For Soccer Title in Tokyo

United Press International

TOKYO — Gremio of Brazil beat Hamburg of West Germany, 2-1, in overtime here Sunday to take soccer's World Club Cup to South America for the seventh straight year.

Gremio's Renato opened the scoring in the 37th minute and netted the winner three minutes into extra time before 62,000 fans. Hamburg's Michael Schroder had tied the match in the 85th minute.



ACROSS

1 Comic Crosby
5 Units of conductance
9 Beds for Maggio
13 Translation for "video"
14 In Sir Kay's day
15 Rowdy
17 Slope
18 It's "strictly taboo"
20 "Rome of Hungary"
21 Start of a mil. career
22 Small building wing
23 Sinatra made it there
25 Waring and Lynn
26 Long, loose overcoats
28 Di-dah's predecessor
31 Peaceful
35 "——! Jealous Lover"
36 Key —— pie
37 Sovereign
38 Favorite
39 Cracker
40 Unique
41 Hebrew homer
42 "The Vnice" is one
43 Place to get pinned
44 ". . . and one —— the road"
46 "Young at ——"
48 "Some Enchanted" time?
53 City near Lyon
55 Michelle's meadow
56 Ancient Hebrew instrument
57 Start of a "Good Year"?
59 Mount climbed by Moses
60 Diminish
61 Mars: Comb. form
62 Skipper's bands
63 "Ol' Blue ——"
64 Pavlova's skirt
65 Shout

DOWN

1 "—— Easy"
2 Inedible orange
3 Extend a note
4 "Let —— Again"
5 "You Turned —— Around"
6 Call to the hounds
7 Fido's food
8 Jiffy
9 Recurring times
10 Sculled
11 F.A.S. hit: 1966
12 Dolce
16 Capri follower
19 Trumpeter James
24 To hear, in Le Havre
25 Parts of yards
27 "I'm Glad —— Is You"
29 Ratify
30 Woody Herman's Thundering ——
31 Hop's kin
32 Moon goddess
33 F.A.S. hit: 1957
34 Cub "Penguin"
36 Linger
38 Dessert wine
39 "You —— Made for Me"
41 Inchon locale
42 "I Believe I'm Gonna ——"
44 Parsonages
45 Search around
47 An in-law
49 "Laughing Face" girl
50 Grenoble's river
51 Prize Walesa won
52 Jazzy trombone sound
53 Road, in Roma
54 "Let ——," Beatles film
55 Inca's land
58 Tank

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DENNIS THE MENACE


"WHY DON'T YA EVER COME OVER AN' PLAY IN MY YARD, MR. WILSON?"

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

DEWPI

TALAN

NEPTLY

ERRTAY

WHAT THE BIG GAME WAS WHEN THEY PUT THEIR STAR MUMMY IN AS PINCH HITTER.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: UP

(Answers tomorrow)

Friday's | Jumbles: EXULT MOURN GUILTY PALACE
Answer: What tequila is — THE "GULP" OF MEXICO

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Algarve	—	—	—	—	na
Athens	14	57	5	41	fr
Amsterdam	4	39	—1	30	fr
Belgrade	2	36	—5	23	sn
Berlin	—2	28	—5	23	fr
Brussels	4	39	1	34	fr
Bucharest	1	34	—3	26	o
Budapest	1	34	—4	25	o
Copenhagen	—1	30	—10	14	fr
Costa Del Sol	17	63	7	45	fr
Dublin	6	43	1	34	o
Edinburgh	2	36	—3	26	cl
Florence	7	45	3	38	o
Frankfurt	2	36	—3	26	cl
Geneva	4	39	1	34	fr
Helsinki	—11	12	—13	9	o
Istanbul	12	54	8	46	o
Las Palmas	22	72	17	63	cl
Lisbon	13	55	7	45	o
London	2	36	—4	25	cl
Madrid	7	45	—2	28	fr
Milan	—1	30	—2	28	fr
Moscow	—1	30	—6	21	sn
Munich	1	34	—8	18	cl
Nice	15	59	5	41	fr
Oslo	—5	23	—12	10	fr
Paris	6	43	1	34	cl
Prague	—1	30	—7	19	sn
Reykjavik	—1	30	—1	30	sn
Rome	16	61	9	48	cl
Stockholm	—7	19	—18	0	sn
Strasbourg	2	36	—4	25	o
Venice	1	34	—1	30	o
Vienna	1	34	—4	25	o
Warsaw	0	32	—7	19	fr
Zurich	2	36	—5	23	fr

MIDDLE EAST

	HIGH C	HIGH F	LOW C	LOW F	
Ankara	6	43	1	34	cl
Beirut	18	64	14	57	cl
Damascus	13	55	5	41	cl
Jerusalem	11	52	7	45	r
Tel Aviv	19	66	13	55	r

OCEANIA

	HIGH C	HIGH F	LOW C	LOW F	
Auckland	—	—	—	—	na
Sydney	23	73	16	61	r

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	27	81	20	68	cl
Beijing	8	46	—2	28	fr
Hong Kong	24	75	17	63	fr
Manila	30	86	20	68	cl
New Delhi	18	64	6	43	fr
Seoul	3	38	—3	26	fr
Shanghai	11	52	2	36	fr
Singapore	27	81	22	72	o
Taipei	18	64	14	57	o
Tokyo	18	64	10	50	fr

AFRICA

	HIGH C	HIGH F	LOW C	LOW F	
Algiers	17	63	9	48	sl
Cairo	20	68	13	55	cl
Cape Town	27	81	18	64	fr
Casablanca	18	64	9	48	o
Harare	22	72	16	61	o
Nairobi	19	66	13	55	o
Tunis	19	66	6	43	o

LATIN AMERICA

	HIGH C	HIGH F	LOW C	LOW F	
Buenos Aires	—	—	—	—	na
Lima	—	—	—	—	na
Mexico City	24	75	7	45	fr
Rio de Janeiro	27	81	22	72	o
Sao Paulo	24	75	17	63	o

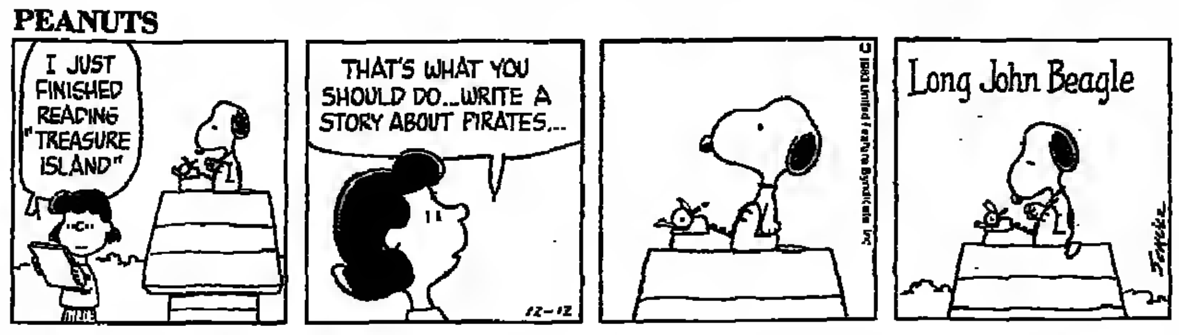
NORTH AMERICA

	HIGH C	HIGH F	LOW C	LOW F	
Anchorage	—8	18	—11	12	sn
Boston	1	34	—5	23	fr
Chicago	4	39	—1	30	r
Denver	18	50	—4	25	pc
Detroit	2	36	—5	23	r
Honolulu	31	88	21	70	fr
Houston	25	77	12	54	fr
Los Angeles	17	63	11	52	r
Miami	24	75	7	45	fr
Minneapolis	—2	28	—5	23	sn
Montreal	—15	5	—18	0	cl
Nassau	24	75	20	68	pc
New York	6	43	0	32	cl
San Francisco	18	64	10	50	r
Seattle	8	46	4	39	r
Toronto	—10	14	—15	5	cl
Washington	9	48	3	38	cl

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

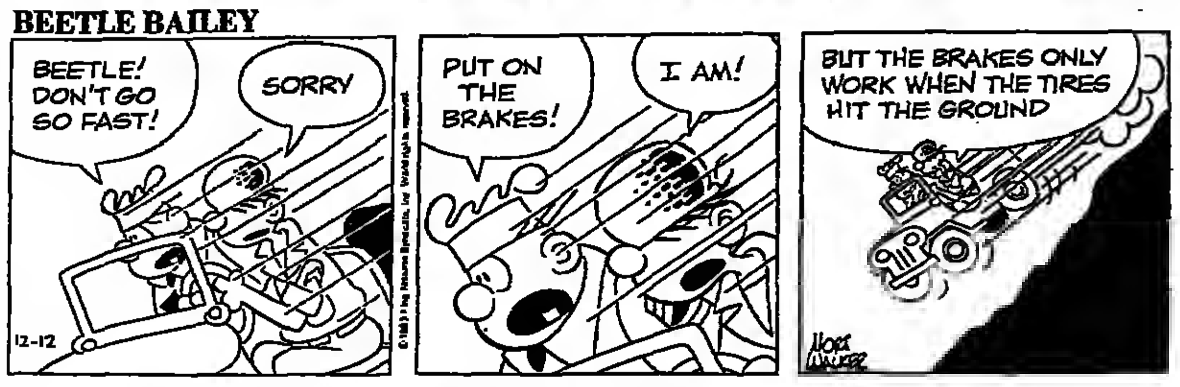
MONDAY'S FORECAST — CHANNEL: Moderate. FRANKFURT: Cold and foggy. Temp. 2—5 (36-23). LONDON: Cloudy and rain. Temp. 6-3 (43-38). MADRID: Partly cloudy. Temp. 7-2 (45-36). NEW YORK: Cloudy. Temp. 9-0 (48-32). PARIS: Cloudy and rain. Temp. 7-2 (45-34). ROME: Partly cloudy. Temp. 17-5 (63-41). TEL AVIV: Cloudy. Temp. 20-11 (68-52). ZURICH: Cold and foggy. Temp. 2—5 (36-23). BANGKOK: Mist. Temp. 31-21 (88-70). HONG KONG: Fair. Temp. 24-17 (75-63). MANILA: Fair. Temp. 29-22 (84-72). SEOUL: Fair. Temp. 4—1 (39-30). SINGAPORE: Showers. Temp. 27-24 (81-75). TOKYO: Fair. Temp. 16-7 (61-45).

PEANUTS



BLONDIE

BEETLE BAILEY



ANDY CAPP

WIZARD of ID

REX MORGAN

GARFIELD

BOOKS

THE WICKED DAY

By Mary Stewart. 453 pp. $15.95. Morrow, 105 Madison Avenue, New York, N.Y. 10016.

Reviewed by Maude McDaniel

IT seemed like a terrible idea at the time. At least I thought so when my favorite romantic suspense novelist, after 11 of the best books ever written in that genre, deserted in 1970 for historical fiction. I hated to admit early into the Merlin trilogy ("The Crystal Cave," "The Hollow Hills," "The Last Enchantment") that perhaps Mary Stewart had made the right decision. But "The Wicked Day" only confirms that preliminary, reluctant impression. This last and weakest novel in the series nevertheless brings to a satisfying conclusion a solid, surprisingly unsmarmy re-creation of the familiar legend of King Arthur and his Knights of (as Stewart has it) the Round Hall.

True, there are some changes from the earlier books, as well as other elements that may disappoint readers' expectations. Merlin, who narrated the other novels, is gone, not dead, exactly, but mystically recast as Nimue, his former lover and now Lady of the Lake. The crystal cave is missing, and, with Nimue's helplessness, a sense of the powerful mystery of the pagan old is lost without being replaced by any sense of mystery of the Christian new.

Romantics will be crestfallen to discover that Arthur's companions serve more as early English bobbies than heroic knights errant, the Grail is a negligible throwaway, and the major maiden in distress goes unrescued, a blow to chivalry. The personalities that have been pinned to famous names seem interchangeable, like clothes on paper dolls, and unrelated to the ones we fondly remember. Bedwyr is Lancelot, Drustan is Tristram, and Gawain is no great shakes, as hero or man. The Guinevere-Bedwyr love affair is downplayed, bravely, in what amounts to, after all, a romantic novel.

In fact, except for Morgause, Arthur's evil half-sister and mother of his son, Mordred, the women are all fairly weak and irrelevant to the action. This is, again, a boys' King Arthur: almost everything is seen through the eyes of the men. (The only girls' King Arthur I know is Marion Zimmer Bradley's "The Mists of Avalon," which had serious flaws of its own, but gave personal attention to the women in the legend for a change.)

After all this, the notable truth is that Stewart's helpful notes, including versions of the legend by Geoffrey of Monmouth and Sir Thomas Malory, show some basis for her interpretation of people and events. The greatest difference between myth and possible fact is in the character of Mordred, the traditional villain of the piece. Literature has never hesitated to find excuses for even the arch-villains of history (Judas, Brutus, Lucifer), and Mordred here wins vindication as a cool, ambitious, but loyal crown prince; slyly jockeyed by God or the gods into a predicted patricide he does all he can to avoid. The story traces his growth from ignorant fisher-boy to trusted regent of the land, in control of his love for Guinevere, to unwilling traitor.

Eric Hoffer once said that the history of the Middle Ages is incomprehensible until you remember that it was made by adolescents, and by adults attuned to adolescent thinking. In the spirit of that irony, Stewart's Merlin, Arthur and Mordred, with all their relative wisdom and humaneness, are finally done in by the immature passions of teen-aged types not unlike some in power in our own time.

Stewart was never strong on direct exposition of sixth-century religious and social forces for change. Now, most of the subtle references have disappeared as well. However, the author repeats her impressive mastery of the political and military developments of the time, and she manages skillfully without the idiosyncratic prose or the fake (and anachronistic) Ye Olde English syntax some novelists resort to for color. Her quiet celebration of the English countryside can come only from loving experience.

A happy ending doesn't come with this package, and Nimue's maxim, "All that we have is to live what life brings. Die what death comes," reflects the stoic approach to life that shadows these pages. King Arthur's Peace is destroyed, but some consolation (of a literary sort) is offered in that Arthur's glory will live as a "a light and a trumpet-call . . . for men to come."

Mary Stewart dragged me kicking and screaming into historical fiction with her, and in the light of the quality of these novels, I can't complain. But I wouldn't mind if she threw me a suspense romance to chew on while I wait to find out what she'll be up to next.

Maude McDaniel, a columnist for the Cumberland (Maryland) Times, wrote this review for The Washington Post.

Solution to Friday's Puzzle

WOWS MEWS CITY
AMAP ARAM ELVER
FATA TORO LEANS
THEREISNOAVANT
ARTAL THIN
GARDETHEREARE
AFR SABU MARSHY
MEUP [illegible] R
BREAST IOWA RAE
ONLYPEOPLEWHO
MEAL TEENS
AREALITTLELATE
BLINK VERA TUIS
RANTS ETON ETNA
AIDS REDD RSTU

BRIDGE

By Alan Truscott

EVALUATION is a subject usually confined to a few early pages of an elementary textbook. It has a dreary aspect, and the author and the reader proceed thankfully to more exciting topics.

Evaluation as viewed by an expert, however, can have almost limitless horizons. Mike Lawrence of Berkeley, California, a former world team champion, has explored the subject in depth, beginning with evaluations of common holdings and continuing to the special problems that arise in a variety of common bidding situations.

Almost all readers will learn useful concepts from Lawrence's "The Complete Book on Hand Evaluation," available at $8.50 from the magazine The Bridge World, at 39 West 94th Street, New York, N.Y. 10025.

Many will learn from the very first chapter. Few below the expert level appreciate that three cards is the worst length if the opponents have bid a suit once, but a doubleton is worse if the suit is raised.

The diagramed example, from the book, shows how North-South can uncover a perfect fit, providing a sound slam with 23 high-card points in the combined hands. North's second-round jump to four diamonds is a "splinter," showing a spade fit, slam interest and at most one diamond. South's hand is favorable in the light of this information, and he cue-bids the heart ace.

Against six spades, a diamond lead would make South's task easy. But West rightly leads a trump when the declarer concedes a diamond trick. South tests clubs, hoping for a normal split, and has another string to his bow when the split proves to be abnormal.

After ruffing a diamond, he returns to his hand and plays all his trumps. At the finish West must keep a club winner and East a diamond winner, so the heart seven in dummy scores the final trick.

NORTH
♠K107
♥K762
♦2
♣AK1085

WEST
♠J53
♥Q98
♦AQ
♣QJ762

EAST
♠2
♥J1054
♦K108754
♣3

SOUTH (D)
♠AQ9864
♥A3
♦J963
♣94

Both sides were vulnerable. The bidding:

South	West	North	East
1♠	Pass	2♣	Pass
2♠	Pass	4♦	Dbl.
4♥	Pass	4N.T.	Pass
5♥	Pass	6♠	Pass
Pass	Pass		

West led the spade three.

SPORTS BRIEFS

U.S. Beats Russians as Hockey Series Opens

LAKE PLACID, New York (AP) — Phil Verchota, the only member of the 1980 U.S. Olympic ice hockey team skating Friday night, scored on a breakaway with 1:18 left to lift Team U.S.A. to a 5-4 victory over the Soviet Select. The game, at the site of the Americans' Olympic triumph, was the first of six in an exhibition tour.

Verchota, the American captain, took a pass from defenseman Tom Hirsch, broke in on Soviet goaltender Alexander Tyzhnykh and put in a short wrist shot for his second goal of the game.

The Americans had taken a 4-2 lead on goals 29 seconds apart by Scott Bjugstad and Chris Chelios late in the third period. But the Russians tied the game on goals by Anatoli Stapenischev and Mikhail Varnakov.

Cam Fella, in Last Race, Sets Pacing Mark

TORONTO (UPI) — Cam Fella closed out a brilliant three-year career Saturday by capturing his 28th consecutive race to become the richest pacer in the history of harness racing.

The victory in the $75,000 Greenwood Special II increased the 4-year-old's career earnings to $2,041,376, surpassing by $3,148 the mark set in August by Rambling Willie. The final time of 1:57 1/5 was Cam's year-old's 27th straight mile under two minutes and his 29th of the year. Both marks are harness racing records.

Indiana Defeats Columbia for Soccer Title

FORT LAUDERDALE, Florida (UPI) — Indiana won its second straight NCAA soccer championship Saturday night by outlasting top-ranked and previously undefeated Columbia, 1-0, in double overtime.

Indiana's Pat McGauley, a senior forward, scored on a pass from Rodrigo Castro with seven minutes left in the second extra period.

The defeat ended Columbia's 18-game winning streak. Indiana gained its 22d victory of the year against one defeat and four ties.

Nebraska Guard Wins the Outland Trophy

OKLAHOMA CITY (UPI) — Dean Steinkuhler, an offensive guard from Nebraska, was named winner of the 38th Outland Trophy late Friday as the year's outstanding interior lineman in college football.

The 6-foot-3, 270-pound senior, who has been timed at 4.87 seconds in the 40-yard dash, is the third straight Nebraska player to win the award. Dave Rimington, a center, won in 1981 and 1982, making him the only two-time winner.

Air Force Outkicks Ole Miss in Bowl Game

SHREVEPORT, Louisiana (UPI) — Sean Pavlich kicked three field goals in ankle-deep mud Saturday night to bring the Air Force Academy a rain-soaked 9-3 victory over Mississippi in the Independence Bowl, the first of college football's post-season attractions.

It was Air Force's second consecutive bowl victory and its 10th victory of the season — the most ever in a single year for the academy.

Pavlich kicked field goals — of 44, 39 and 27 yards — in each of the first three quarters. Mississippi could score only on Neil Teevan's 32-yard field goal with four seconds left in the first half.

One Greek Couple's Strength Goes Beyond Sports

By Paul Anastasi
New York Times Service

ATHENS — The Greek press has called them "the strongest couple in the Mediterranean," but they concede that they are really less tough than their athletic achievements might indicate. Despite their hopes for success at the Los Angeles Olympic Games next summer, two of Greece's top athletes say they look forward more to being wed and raising a family.

"We're not as tough as we're made out to be," said Anna Verouli, the 1982 European champion in the women's javelin throw. "Admittedly, I'm going for the gold medal in Los Angeles, and my fiancé hopes for sixth place in his weightlifting category. But right after that, we plan to get married and to have children."

The fiancé is Ioannis Tsintsaris, a 24-year-old weightlifter and holder of the Mediterranean Games record in the heavyweight category, with a total of 385 kilograms (849 pounds) in the snatch and jerk. "We might well be the strongest couple in the Mediterranean," he said, "but in Los Angeles we'll be fighting it alone, and the competition on an individual basis is going to be tough."

Tsintsaris remembers his start in weightlifting. On a winter day in 1978, he said, he was walking outside a gym in his provincial hometown when a local trainer, taking note of his stocky build, called out to him: "Hey, boy, fancy becoming a weightlifter?"

Four years later he was the undisputed champion of the Balkans and then of the Mediterranean. He kept encountering Verouli at the newly built Olympic Stadium in Athens while training and during competitions, and late last year they became engaged. They celebrated that engagement soon afterward when they both won gold medals at the Mediterranean Games in Casablanca.


Ioannis Tsintsaris, Mediterranean Games [illegible]

They live in Athens at an apartment at the Olympic Stadium that is subsidized for athletes by the government.

Tsintsaris says he is being realistic about his chances in Los Angeles but is hoping for at least a sixth-place finish.

Verouli, however, is one of Greece's few hopes for a gold medal, or even for any position of distinction, at the Games. She was the European champion for 1982 with a throw of 229 feet 9 inches (70 meters), and though she improved that to 232-7 this year, she lost the title to Tiina Lillak of Finland, who holds the present world record of 245-3.

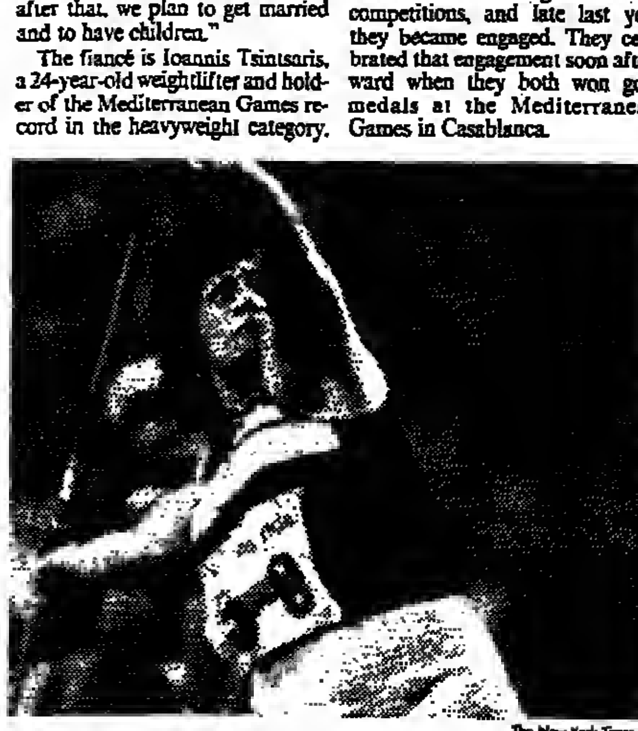
"I could have taken first place then, but the games were held in Helsinki and the weather just didn't help," said Verouli. "But in Los Angeles the weather conditions and general environment will be perfect for my requirements. Los Angeles is not only on the same latitude as Athens, it even has the same pollution levels."

Verouli, 26, says that she has spent most of the last year "just loosening up rather than trying to break the world record," and that she will intensify her efforts in the months ahead. Part of her fight training was her trip in September 1982 to Oregon, where she easily defeated her American competitors in a local meet.

"Whatever current levels are in the javelin throw, one must not forget that the Olympics are a case of their own and need special preparation both physically and psychologically," says Verouli. "Any outsider could win. That's why I'm going to L.A. a full month ahead of the Games to acclimatize myself. And do you know what I'm banking on to a great extent? The American fans. They're a great people, know me well, and I believe their moral support will be a decisive factor."

But more important than that, she says, is the support and comfort she expects from her fiancé, Tsintsaris.

"I feel that an athlete, after the strain and thrill of success and publicity, needs to withdraw into family warmth and relative isolation," she said. "I very much want the gold at Los Angeles, but my companion for life and our children will mean much more to me than that."


The New York Times
Anna Verouli, European javelin champion in 1982.